

USING GOVERNANCE AS A TOOL  
FOR TRANSFORMING ORGANIZATIONAL CULTURE  
VOLUME ONE

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## **ABSTRACT**

Many of our most perplexing social problems are addressed by organizations. A significant number of these organizations fail to achieve success, because of their organizational culture. The thesis proposes a problem: an organization's effectiveness is limited by its culture, yet effecting cultural change is often poorly understood and accomplished. And it proposes and tests a solution: a strong governance system, grounded in biblical principles, can act as a tool to transform an organization's culture, enabling and facilitating effectiveness and success. This thesis will be of particular interest to senior leaders and boards of parachurch ministries, denominations, churches, and seminaries.

## **CHAPTER ONE**

### **INTRODUCTION**

Many of our most perplexing social problems are addressed by organizations that fall short of their mission. These include for-profit, not-for-profit, and political organizations, among others. A significant number of these organizations fail to achieve success, that is, optimal levels of effectiveness, because of unwritten and unseen norms, which are collectively called organizational culture.

This thesis examines how governance can be used as a tool to transform organizational culture to make it more effective.

The thesis proposes a problem: that an organization's effectiveness is limited by its culture, yet effecting cultural change is often poorly understood and accomplished. And it proposes and tests a solution: that a strong governance system, grounded in biblical principles, can, over time, act as a tool to transform an organization's culture to enable and facilitate organizational effectiveness and enhance success.

One of the ways one changes culture is to reframe governance through adopting a principle-based governance model and then employing certain tools designed to apply those principles in an organizational setting. Because the tools are shaped by biblical and theological principles and perspectives, this thesis will be of particular interest to the senior leaders and boards of directors of parachurch ministries, denominations and churches, and seminaries.

## **Theological Assumptions and Biblical Principles**

There are a series of successive theological assumptions and twelve separate biblical principles that shape this writer's approach to governance.

These assumptions and principles are that

1. The Bible is authoritative.
2. God provided a set of principles in the garden at the beginning of creation given as an authoritative framework for humankind.
3. The framework predates the fall.
4. The letter and spirit of the Law are analogous to rules-based governance and principles-based governance.

### **The Bible Is Authoritative**

The Garden Principles, found in the Bible, provide an authoritative source that Christian organizations would respect. For the Christian, the Bible is the Word of God. It is the final authority on all matters pertaining to life—including corporate life. By creating line of sight between the Bible and modern corporate governance principles and practices, Christians are able to see the connection through an authoritative lens.

Creating this line of sight to authoritative principles seen first in the garden and then throughout the biblical narrative and the epochs of time, to modern corporate governance principles and practices, builds the necessary bridge between the Bible and the modern ministry.

### **God Provided a Set of "Garden Principles" That Provide a Framework for Humankind**

God provided a set of principles in the garden, at the beginning of creation, given as an authoritative framework for humankind to live by.

The thesis is that in God’s mandate to humankind a governing framework can be found—a framework that has weaved its way through Scripture and time to underlie today’s governance systems. This author has entitled that governance framework The Garden Principles. The Garden Principles are a series of principles<sup>1</sup> God laid down in the beginning that every man, woman, or child, every organization, church, or ministry can live by and count on. A conceptual model for life and leadership can be drawn from these principles. And as such they can be extrapolated from the garden to corporate governance in the modern organization.

The following table provides a snapshot of each of the principles, which are discussed in detail in chapter 3.

**Table 1.1: Overview of The Garden Principles**

<b>The Principle</b>
<b>Stewardship:</b> Humankind is given stewardship over what is owned by God
<b>Leadership:</b> Humankind is asked to provide leadership
<b>Authority:</b> God gives humankind authority
<b>Accountability:</b> God expects accountability from humankind
<b>Accomplishment:</b> God has a purpose in mind for humankind—something to be accomplished
<b>Measurement:</b> Humankind can take stock and measure to see if the purpose is being accomplished
<b>Communication:</b> God communicates what humankind needs to know
<b>Integrity:</b> Humankind is to respond with complete integrity
<b>Continuous Learning:</b> God continually makes Himself known to humankind
<b>Growth:</b> Humankind grows in means, knowledge, and fruitfulness
<b>Justice:</b> God sets the standard for and metes out justice for humankind
<b>Service:</b> Through the service of humankind God’s justice is accomplished

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<sup>1</sup> Principles are defined to be “a fundamental truth or proposition that serves as the foundation for a system of belief or behavior or for a chain of reasoning.” s.v. “principle,” accessed June 15, 2014, <https://www.google.ca/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#q=what%20is%20a%20principle%3F>.

Together these principles provide a comprehensive system. All twelve principles are needed. Remove one and the system becomes flawed. For example, when one is given stewardship over something (in the case of the garden it was the earth and all things in it<sup>2</sup>) the expectation is that leadership will be given to ensuring the most effective stewardship of that resource. Stewardship without leadership leaves the resources underutilized or at risk. Or, having authority to act without the expectation of being accountable for that action risks inappropriate effort. Conversely, being held accountable for something that one has no authority over is both impractical and untenable. All of the principles are needed for the system to work as intended. Both governance and culture need to reflect all of them.

Principles provide the model, but they are not simply a template; they are also the guidelines and tests along the way. The Garden Principles are more than just a place to start to articulate a corporate governance framework—they embed at every level, including both what one expects to see in a healthy organizational culture and in all of the aspects of healthy corporate governance. Principles are the beginning and the end—they are a mirror image of culture.

Using governance as a tool for transforming organizational culture therefore means adopting governance principles. Governance structures are then designed to guide, embed, and support the principles and therefore the culture.

Guides: it provides the surrounding boundaries that guide the culture.

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<sup>2</sup> "Be fruitful and multiply; fill the earth and subdue it; have dominion over the fish of the sea, over the birds of the air, and over every living thing that moves on the earth" (Gen 1:28 New King James Version).

Embeds: it formalizes and documents the agreed-upon principles into the governance of the organization.

Supports: it provides the foundational solutions for solving problems that people can look to for answers in order to maintain cultural norms.

But, it cannot be stressed enough that it is not the structure that provides the approach to corporate governance and a chosen governance model—it is the principles. Structure is the application of the principles. Everything in governance flows from the principles.

### The Framework Predates the Fall

These principles, found in the first two chapters of Genesis, were given to humankind before the fall and before sin entered. They are principles exhibited by God Himself. Because of this the presumption is that they are perfect—they are ideal principles. Once humankind touches them, every set of secular governance principles and frameworks since then have been tainted by human hands and therefore are imperfect reflections of The Garden Principles.

That is not to say perfection will be returned to a fallen world. Applying The Garden Principles is this author's optimistic attempt to reckon with a reality that was ideal, is now fallen and, yet, envisions God's ultimate purpose to restore the ideal on earth. Too, is the pragmatic assumption that ideal principles in place before the fall must have some efficacy in a fallen world—not through naively believing they will restore the world to some sort of pre-fall perfection, rather that they will be of service to a fallen world.

In the literature review in chapter 2 of this thesis, successive sets of governance principles are compared. This comparison illustrates both the weakening of the intent and



clarity of the principles laid out in the garden, and the gaps between the comprehensive Garden Principles and some specific examples of corporate governance principles across time and sector. Each successive set of modern corporate governance principles reviewed for this thesis falls short of The Garden Principles in terms of comprehensiveness and balance. Some place more emphasis on one principle over the other, while others do not include or reflect all twelve principles. The thesis then is that if one were to create a comprehensive principle-based governance model based on pre-fall conditions, they would look to recorded pre-fall history to find the foundation for them. Because of the Fall, mankind will have difficulty living up to these principles. There will be dysfunction, however the principles can be used to restore functionality.

### The Letter and Spirit of the Law Are Analogous to Rules-based and Principles-based Governance

There is a great deal of literature and active debate on the subject of rules-based versus principles-based regimes, not only in the practice of governance but also in other social science fields such as accounting, financial reporting, and the regulation of financial intermediation (banking and insurance).<sup>3</sup> In many ways, this debate is much like that of the “law” versus “grace” debate, or the letter versus the spirit of the Law. Governance principles provide the purpose for the law, allowing for the promise of grace. With the law comes the knowledge of

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<sup>3</sup> See, for example, the G30’s *A New Paradigm: Financial Institution Boards and Supervisors* (2013) and *Toward Effective Governance of Financial Institutions* (2012)—discussions among the supervisory and financial stability board community in leading economies, accessed July 6, 2011, [http://www.group30.org/rpt\\_66.shtml](http://www.group30.org/rpt_66.shtml), and Canada’s OSFI *Corporate Governance Guideline* for federally regulated financial institutions (2013), accessed July 6, 2011, [http://www.osfi-bsif.gc.ca/Eng/fi-if/rg-ro/gdn-ort/gl-ld/Pages/CG\\_Guideline.aspx](http://www.osfi-bsif.gc.ca/Eng/fi-if/rg-ro/gdn-ort/gl-ld/Pages/CG_Guideline.aspx).

sin. Governance laws and rules need to be in place to provide boundaries so that people know what they can and cannot do. Simple rules-based corporate governance is like rigidly following the letter of the Law. Obeying the law, because of the principles behind it, is like following the spirit of the law. Principles-based governance therefore encompasses both the letter and the spirit of the law—rules that are guided by grace. Governance rules provide the law—the letter of the law, while governance principles provide the grace—the spirit of the law.

That is not to say that grace and the work of the Spirit are absent in the Law or that rules are absent from grace. Rules, grace and the Spirit are each evident in both the Old and New Testaments. The Spirit can imbibe either rules or principles and through this move people to action. And both the Old Testament and the New Testament are full of examples of this. For example, the primary emphasis in Isaiah, Jeremiah, and Ezekiel when the New Covenant is promised is: You will be able to keep the Law. And, when Jesus describes love (what might be seen as a principle replacing rules), He says it summarizes the commandments.

This analogy is meant to illustrate that having a corporate governance model and structure that has the capacity to implement the practice of grace and redemption at an organizational level while at the same time not compromising its foundational principles and associated rules, is possible.

### **Organization Culture, Governance, and Transformation**

Organizational culture is at the heart of the organization and is the lifeblood of its activities. It is first established by the founder(s); developed through shared experience; built

on and adapted by conscious (and at times unconscious) management design and practice; and becomes an integral part of the mental model of the group's members.

The definition of organizational culture mirrors and aligns with the definition of culture in general with specific application to the organization—any organization.

Three concepts weave through the definition:

1. Culture forms people's sense of what is right and wrong (correct ways of thinking, feeling, believing, acting).
2. Those things that are right and wrong can be shared, learned, and must be taught to newcomers for their use.
3. There is general group consensus that those right and wrong thoughts, feelings, beliefs, and actions will solve the problems of the organization and lead it into future success inside and outside the organization.

The depth and breadth of this all-encompassing concept called organizational culture makes it difficult, and yet incredibly important, to define. For the purpose of this thesis Edgar Schein's definition of culture will be used: A pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.<sup>4</sup>

Organizational cultures are nested within a larger macro-culture. They are

- situated within broad global culture;
- heavily influenced by the macro-culture they are resident in;
- unique in their attributes depending on the affiliation of its members (e.g., accountants, doctors, lawyers, CEOs);
- formed based on their particular sector (private, public, not for profit);
- influenced by the individuals who lead and serve in them;
- shaped by their history;

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<sup>4</sup> Edgar H. Schein, *Organizational Culture and Leadership*, 4th ed., The Jossey-Bass Business and Management Series (San Francisco: Jossey-Bass, 2010), 19.

- made up of a series of interrelated subcultures and micro-cultures (each of which may have a common core).

There is broad agreement that culture is never static—change is the one constant of culture. Culture is hard to change while at the same time being dynamic and ever changing.

The basic observations of this thesis with respect to transformation of organizational culture are

1. Cultural change requires change at the heart or core, whether the culture is macro, organizational, sub, or micro.
2. It takes hard work, committed and capable leadership, and a deep understanding of the basic underlying assumptions and cultural norms that are at play.
3. The organization and the groups within the organization will need shared experience in the aspect of culture requiring change in order for real transformation to take root.
4. The primary cause of culture change is what is often termed cultural diffusion (also known as stimulus diffusion and later trans-cultural diffusion). Cultural diffusion occurs through the exchange of ideas between cultures.
5. Culture change is driven both internally and externally. For example, an external force might be a change in law or in the environment. An example of an internal force is increased organizational knowledge.
6. Leaders must have a clear understanding of the existing culture of the organization, a vision for its future, and a proactive plan for moving the organization from the past, through the present, and into the envisioned future.
7. To change the culture one must change the people. At times this may mean working to reframe cultural images in the minds and hearts of the people, thereby bringing real change to individuals and therefore to the organization. At other times it may mean replacing individuals.
8. Changing culture requires people to examine the foundational culture through research. This entails examining shared assumptions, espoused beliefs and values, and existing cultural norms and symbols—those that are congruent with underlying assumptions that guide performance; those that are part of the ideology and philosophy of the organization; and those that are rationalizations or only aspirations for the future.
9. It is necessary to build understanding of a preferred cultural future through education, coaching, and mentoring. This includes giving people something common to focus on (a shared vision of the future) and understanding who needs to be communicated with and in what way, and then communicating thoughtfully and strategically.

10. Creating cultural agreement through consistent leadership, group dialogue, and constant communication is another component of change.
11. Cultural change requires building confidence in the change and moving the group along the journey together.
12. Providing good examples, role models, and best practices as exemplars in order to sell an idea as well as to paint a picture of the idea for people, providing coaches and mentors along the way, will foster cultural agreement.
13. Changing culture requires formalizing cultural norms and expectations through process and structure. Formalizing decisions, agreements, processes, policies, and structural supports stabilizes the culture, helping the organization to stay the course over time as together understanding is built around the culture of the past, the current culture, and the desired future culture.
14. Culture change involves creating cultural awareness through formal orientation for new members. Creating formal orientation programs for new members of a cultural group will build necessary awareness of expectations, values, norms, and symbols.
15. Context is king and has a tremendous impact on culture. The felt need provided by a legitimate burning platform provides the requisite impetus to engage in the hard work of cultural transformation.

Organizational or entity governance has come to be known as “corporate governance” since the widespread transnational adoption of corporate governance reforms articulated and championed by Adrian Cadbury in 1992.<sup>5</sup>

Cadbury is the person who defined “corporate governance” as “the system by which companies are directed and controlled.”<sup>6</sup> Over the years since, this definition and concept of corporate governance has come to apply to the governance of almost any form of social organization: for-profit corporations, not-for-profit organizations, Crown and state enterprises, churches and denominations, universities and colleges, co-operatives, associations, societies, and clubs. Corporate governance applies to all forms of corporations, and many other legal forms of organization as well.

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<sup>5</sup> Sir Adrian Cadbury, *The Financial Aspects of Corporate Governance*, Report of the Committee on the Financial Aspects of Corporate Governance with Code of Best Practice (London: Gee Publishing, 1992), 14.

<sup>6</sup> Cadbury, *Financial Aspects of Corporate Governance*, 14.

For the purposes of this thesis the Cadbury definition of governance will be used as the authoritative one. It is the clearest and the most cited, copied, and foundational of all of the leading modern definitions.

At its most basic level, government and governance exist to bring social order—a sense of direction and confidence—to a system or group that would otherwise be in chaos.

Broadly speaking then, the purpose of governance may be said to encompass these increasingly higher-order objectives:

- Facilitating the allocation of large amounts of capital to talented specialists (effective uses),
- Facilitating effective entrepreneurial and prudent management, and
- Reducing “agency costs” in organizations, thus
- Adding value to assets, thus
- Enhancing shareholder value, thus
- Enhancing investor confidence, thus
- Improving economic efficiency and growth, thus
- Acting for the good of the community.

Governance is the system by which the organization is directed and controlled, and culture is a series of largely unwritten and at times unspoken norms within a group of any size that are used, shared, learned, and taught as the collective progresses and solves problems. Therefore, governance and culture interact continually at every level of an organization, from its leadership level through departments and divisions to the levels of the small team unit and individual.

Culture is about right and wrong, the values and beliefs espoused in and by an organization. At this level, culture precedes and informs governance. Culture provides the

moral dimension and frames governance, providing both a *raison d'être* and non-negotiable boundaries to the articulation of a direction for the entity, whether explicitly or implicitly.

At a second level, a fundamental outcome of culture (guiding into the future) is the fundamental aspect of governance (to set direction). This is not always linear or simple, though: governance attempts to set a direction, then cultural norms react and respond to this attempt at direction setting at times in a positive and functional way, at times not, and then governance monitors and evaluates progress towards the direction set, making course corrections. The process is both iterative and dynamic.

A third aspect of the relationship between governance and culture is that the board and/or leaders responsible for governance are themselves a micro-culture, and the functional or dysfunctional features of boardroom culture play a pivotal role in governance effectiveness. At the top of the organization, boardroom dynamics can be viewed as the interplay between three aspects of governance: governance structure, culture, and behaviors.

It is because of this all-encompassing interaction between governance and culture that governance can be used as a tool for transforming organizational culture.

Transformation means, quite simply, to change. That transformation, or metamorphosis, may evidence itself in any number of ways by a change in form, appearance, nature, condition, composition, structure, or even character.<sup>7</sup> And, an organization would want transformation for any number of reasons, the primary of which is that there is a problem that cannot be solved without a change in some aspect of its culture.

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<sup>7</sup> Merriam Webster Dictionary, s.v. "transformation," accessed July 6, 2011, <http://www.merriam-webster.com>.

Transformational governance—governance that can be used as a tool to transform organizational culture—is about more than incremental or continuous change; it is about causing a substantive or quantum shift, which typically calls for a reassessment of assumptions, or culture, to enable and sustain such radical change.

It is through

- understanding what culture and governance are;
- determining the principles that underlie them;
- knowing how they are formed;
- recognizing their functionality and dysfunctionality;
- identifying how they intersect with power drivers and leadership;
- shaping ways to measure the degree of their success; and
- appreciating what is needed to bring about effective and significant change

that one is able to begin the journey toward real transformation.

There is no single right governance model that fits all situations, because each of the dimensions on which governance models are arrayed involves a trade-off between two opposed outcomes—they are in tension with one another. The same holds true for the dimensions of culture. By applying the principles of governance, better informed choices can be made as to the optimal balance on each of the dimensions of governance and culture to deal with the current and emergent situation. The basis of this thesis is that by applying The Garden Principles, governance choices can be made which will positively affect and transform organizational culture.

Without having a set of governance principles such as The Garden Principles to apply, people feel confounded with these seemingly irreconcilable tensions, perceiving stark win-lose binary choices between two unpalatable extremes. This is the essence of principles-based governance and of boards of directors applying business judgment with discretion.



This thesis focuses on direct, incremental transformation rather than the kind of change or transformation that comes via crisis (either incited internally or forced externally). There are other means to get to a better place culturally, but the vignettes, case study research, and other exemplars are focused on the former.

To accomplish this type of transformation this thesis proposes beginning with the comprehensive set of governing principles found in the first two chapters of Genesis—The Garden Principles. Those principles will then be used as the foundation for setting cultural expectations and for designing a formal governance model with resulting structural processes and tools. Creating shared vision and experience organization-wide, together with those processes and tools, sustained by consistent, effective leadership, and ongoing education and orientation is how this thesis proposes that organizational culture can be transformed.

### **Testing a Biblically-based Governance Model**

There are several research methodologies for testing various theses, such as case studies, surveys, data collection and analysis, meta-research, or interviews. By far the most effective form of research for testing organizational transformation is case study research.

Case studies involve careful observations made over an extended period of time where it is not possible to control the behaviors of those under observation. Aspects of other research methodologies were also used over the course of the thesis project, but the primary research methodology employed to test the thesis was case research. Those supplemental techniques included both qualitative and quantitative data and analysis such as meta-research, surveys, interviews, benchmarking, and other observable behavior and data sources. A proprietary

organizational culture tool, an analytical instrument that measures organizational culture against the eight main dimensions of culture and four core drivers of power in organizations, was also applied at the beginning and end of the project.

The multi-year thesis project involved a comprehensive case conducted over an eight-year period, between 2007 and 2015, in a large, international parachurch ministry, aimed at transforming the organization's culture using governance as a tool.

Participants in the research included the Board of Directors, the CEO and Senior Executive Team of the Ministry, in addition to select National leaders and international field workers from some of the 120 nations where the ministry is currently present and active.

This ministry, Evangelism Explosion International (EEI), was facing a series of challenges and opportunities—a series of problems that it sought to solve. At the heart of the issue was a desire and need to solve a deep cultural problem. The nature of the problem, which will be discussed in-depth later in this thesis, was deeply cultural, stemming from a founder-led, centralized, western-minded ministry that sought to become one that is decentralized, with the true ownership and stewardship of active ministry at a national and even local level.

This case study was approached based on the conclusions of the literature review and the biblical theological chapters of this thesis. Those conclusions are that

1. If culture is about how people decide what is right and wrong as they work together through shared experience to solve their problems—whether those problems are internal or external to the group; and
2. Governance is about setting the direction and gaining reasonable assurance as to the control of organizations; and
3. The processes for creating, embedding, and changing both culture and governance are fully aligned; and
4. Governance and culture share the same sources and uses of power; then
5. Governance provides an effective tool for transforming organizational culture.

And

6. If different people throughout the Bible (from creation, through the fall, to the Law of Moses, to the new covenant and Jesus' fulfillment of the law with a relationship built on grace, redemption, and a replacement of the law with a single new commandment to love) rely on a series of foundational biblical principles, first articulated and evidenced in the garden by God Himself through shared experience with Adam and Eve; and
7. Those principles set the stage and foundation for how mankind can interact with each other and work, and solve problems together;

Then, creating a shared experience to solve a real-world organizational problem, using governance as a tool—governance that is built on the foundational Garden Principles—should transform the organizational culture.

### **Applying the Thesis**

The overarching conclusion of this case study is that governance can be used as a tool for transforming organizational culture. This was demonstrated empirically in this instance. This conclusion has been supported using valid, robust, and substantial research—both quantitative and qualitative in nature.

The progression of the intervention began by using the board of directors as transforming agents, by building agreement on the governing principles on which all else would follow. Those governing principles were rooted in the foundation of The Garden Principles. A process for cultural transformation was planned and implemented and a new governance structure followed as the governing principles were applied to the ministry. Organizational

performance followed with documented growth in staff, active churches being served by the ministry, and improved financial health. Other signs of cultural transformation appeared and were confirmed by measuring changes in organizational culture



**Figure 1.1: The Progression of the Intervention**

dimensions. Last, improved relationships and growth in the national ministries and recorded professions of faith have been good indicators of deep and broad ministry globally.

The following are the general conclusions of the thesis that governance can be used as a tool for transforming organizational culture:

1. The Bible provides a series of principles from which specific corporate governance principles can be articulated and applied in any organization.<sup>8</sup>
2. Those principles are transformative in nature.
3. The transformative nature of those principles can bring changes at the deepest level of culture – values, beliefs, and norms – and in fact can be used as a mirror for a desired culture.
4. Corporate governance tools can be built based on those governance principles.
5. Those tools can be used in the process of bringing transformation to organizational culture.
6. Aspects of culture can be measured, and even though the measures may not be perfect, they will provide a sufficient proxy for understanding the current culture of an organization.
7. Effective and sustained leadership is integral to using governance as a tool for transforming organizational culture in a positive way.
8. Alignment of cultural desires, purpose, systems, people, mechanisms, and metrics provides necessary line of sight and buy-in.

<sup>8</sup> Beyond the analysis in this thesis, and the case study conducted with EEI, this author has come to this working hypothesis through twenty-five years of consulting in virtually every sector (public, private, and not-for-profit) where these principles have been researched and applied.

9. Shared experience is a significant and needful enabler for using governance as a tool for transforming organizational culture.
10. People will rise to the expectations placed on them.

Each of these conclusions is a concept that is not efficacious for transforming organizational culture in and of itself; however, together they are.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

This chapter is intended to provide a comprehensive literature review in support of this thesis work on using governance as a tool for transforming organizational culture. To that end, this literature review will cover briefly what is meant by culture in general, in order to frame the main literature review focused more specifically on organizational culture and governance. The chapter will provide a comprehensive literature review of the foundational sources of organizational culture and governance. These two main topics of focus will then be considered in light of the potential need for transformation of organizational culture and the capacity of governance to be an effective tool to accomplish it. The chapter will further telescope into what others are saying about the role of governance to effect change in organizational culture, which one can expect will both expose a gap in biblically-based governance transformation and offer the opportunity to develop this further.

The authoritative literature on culture and organizational culture is primarily secular in nature. Across the discipline, religion and religious beliefs are discussed as being at the deepest levels of culture, as being worldviews, and as mental programming. The concept of God as being the creator, redeemer, or transformer of culture is not considered in the secular literature. It is this author's contention that God is the creator of the original human culture.

Human culture was not originally invented by people; rather, it was created by God and lived out by virtue of the free will of humankind. God is not a distant God. He is actively engaged with humankind in a creative, redemptive, and transformative mission. This is why he sends his prophets, visions, signs and wonders, his Son, and the church—to continually bring the world back to the culture created in the Garden. As Patty Lane writes, “God created language and culture, but the creation of them does not give one culture more access to God and another less. We can experience God through any language or culture.”<sup>1</sup>

## **The Literature Review**

### Defining Culture

Edgard Schein, the father of our modern understanding of culture writes, “If we remember that culture is our learned solution to making sense of the world, to stabilizing it, and to avoiding the anxiety that comes with social chaos, then we have taken the first important step toward a deeper cultural understanding.”<sup>2</sup>

Generally speaking, culture can be defined as a series of largely unwritten<sup>3</sup> and at times unspoken norms within a group of any size (e.g., the leadership team of a denomination or a church; a corporation, a profession, a family, a people group; a

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<sup>1</sup> Patty Lane, *A Beginner's Guide to Crossing Cultures: Making Friends in a Multicultural World* (Downers Grove, IL: InterVarsity Press, 2002), Kindle locations 1971-72.

<sup>2</sup> Edgar H. Schein, *Organizational Culture and Leadership*, 4th ed., The Jossey-Bass Business and Management Series (San Francisco: Jossey-Bass, 2010), 400.

<sup>3</sup> Geert Hofstede, Gert Jan Hofstede, and Michael Minkov, *Cultures and Organizations: Software of the Mind: Intercultural Cooperation and Its Importance for Survival*, 3rd ed. (New York: McGraw-Hill, 2010), 7.

nation; the global community or any other social group) that are used, shared, learned, and taught as the collective progresses and solves problems.

In particular, the Globe Study defines culture as “shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives that are transmitted across generations.”<sup>4</sup> And, as Lane writes, “there are probably as many definitions of culture as there are recipes for stew.”<sup>5</sup>

### **What Is Meant by Culture?**<sup>6</sup>

Culture and the meaning of it has been the subject of numerous books, articles, speeches, agreements, disagreements, and coffee talks for generations, all in an attempt to understand why some people do, think, understand, feel, and communicate the way they do—while others approach things so differently. What is normal for one cultural group may be abnormal for another,<sup>7</sup> like the public wailing of a new widow in grief in a Middle Eastern village versus the stiff upper lip of a British widow tearlessly and politely greeting guests at her husband’s wake. Or perhaps one nation rules by democracy, but others are a monarchy or a communist regime. Cultural norms lie at the

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<sup>4</sup> Robert J. House et al., eds., *Culture, Leadership, and Organizations: The Globe Study of Sixty-two Societies* (Thousand Oaks, CA: Sage Publications, 2004), 14.

<sup>5</sup> Lane, *Beginner’s Guide to Crossing Cultures*, Kindle locations 195-96.

<sup>6</sup> This section entitled What Is Meant by Culture? is not intended to be an exhaustive review of the subject of broad anthropological macro-culture. Rather, it is intended as an overview of the meaning and central attributes of culture for the purpose of setting the stage to explore organizational culture in particular.

<sup>7</sup> House et al., *Culture, Leadership, and Organizations*, 15.



heart of the instantaneous choices people make every day and long-held traditions they follow, many of which they often have little or no conscious awareness of.<sup>8</sup>

Culture is social in nature.<sup>9</sup> An individual is not a culture. Culture is the expressions of how people organize themselves in community to think, act, and behave.<sup>10</sup>

Culture is the way in which power structures are organized and expressed in a society. Those culturally sanctioned power structures determine how difficult decisions will be made and how scarce resources are to be allocated within the group.<sup>11</sup> For example, a First Nations tribe in Canada's far north will cede and use power differently than the House of Representatives of the United States of America.

Culture is held together by a series of rules;<sup>12</sup> some of these rules are formal, but most are informal.<sup>13</sup> For example, in a highly patriarchal culture the authority of a man is rarely questioned. There may not be a written rule that says "all women must submit themselves to the authority of all men in every circumstance." And yet, they do. This is a cultural norm, and there would be cultural consequences if the norm were to be challenged.<sup>14</sup>

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<sup>8</sup> James Davison Hunter, *To Change the World: The Irony, Tragedy, and Possibility of Christianity in the Late Modern World* (New York: Oxford University Press, 2010), 5-6.

<sup>9</sup> Bruce J. Malina, *Christian Origins and Cultural Anthropology: Practical Models for Biblical Interpretation* (Eugene, OR: Wipf & Stock, 2010), 9.

<sup>10</sup> House et al., *Culture, Leadership, and Organizations*, 15.

<sup>11</sup> House et al., *Culture, Leadership, and Organizations*, 514-18.

<sup>12</sup> Malina, *Christian Origins and Cultural Anthropology*, 9; Gareth Morgan, *Images of Organization*, updated ed. (Thousand Oaks, CA: Sage Publications, 2006), 135.

<sup>13</sup> Morgan, *Images of Organization*, 135.

<sup>14</sup> Morgan, *Images of Organization*, 135.

Culture is built on deeply rooted beliefs and values—beliefs and values that are foundational, held very tightly, and rarely change. As Schein writes, “Strong cultures are by definition, stable and hard to change.”<sup>15</sup> Beliefs are the bedrock of culture, whether those are the beliefs of the Protestant work ethic, or the basic rights to freedom, or that God is theistic rather than monotheistic. And it is here, where worldview<sup>16</sup> intersects with culture, that cultural beliefs are formed.<sup>17</sup>

There are several dimensions of culture that researchers have articulated in an attempt to both describe and quantify it. As Hofstede writes, “A dimension is an aspect of culture that can be measured relative to other cultures.”<sup>18</sup> In *Culture, Leadership, and Organizations*, these dimensions framed the research: performance orientation, future orientation, views on gender, assertiveness, individualism and collectivism, power distance, humane orientation, uncertainty avoidance, societal culture and industrial culture sector influences, and cultural variations with respect to leadership.<sup>19</sup> See table 2.1 for a historical overview of the progression in defining the various dimensions of culture over the past six decades. See table 2.2 for definitions of House’s dimensions of culture.

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<sup>15</sup> Schein, *Organizational Culture and Leadership*, 365.

<sup>16</sup> Worldview has been defined as “the fundamental cognitive, affective, and evaluative presuppositions a group of people make about the nature of things, and which they use to order their lives.” Paul G. Hiebert, *Transforming Worldviews: An Anthropological Understanding of How People Change* (Grand Rapids, MI: Baker Academic, 2008), 15.

<sup>17</sup> Hiebert, *Transforming Worldviews*, 15.

<sup>18</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 31.

<sup>19</sup> House et al., *Culture, Leadership, and Organizations*, xvi-xvii.

**Table 2.1: Dimensions of Culture**

<b>Inkeles and Levinson (1954)</b>	<b>Geert (1974)</b>	<b>Hofstede (1980)</b>	<b>Schwartz (1994)</b>	<b>House (2004)</b>
1. Relation to authority	1. Social inequality, including relationship with authority	1. Power Distance	1. Hierarchy	1. Power Distance
2. Conception of self (between the individual and society and the individual's concept of masculinity and femininity)	2. The relationship between the individual and the group	2. Collectivism versus Individualism	2. Affective Autonomy 3. Intellectual Autonomy 4. Conservatism 5. Embeddedness	2. Institutional Collectivism and In-group Collectivism
3.	3. Concepts of masculinity and femininity	3. Femininity versus Masculinity	6. Egalitarian Commitment	3. Gender Egalitarianism
			7. Mastery	4. Assertiveness
				5. Humane Orientation
				6. Performance Orientation
4. Ways of dealing with conflicts, including the control of aggression and the expression of feelings	4. Ways of dealing with uncertainty and ambiguity	4. Uncertainty Avoidance	8. Harmony	7. Uncertainty Avoidance

		5. Long-Term Orientation		8. Future Orientation
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**Table 2.2: House's Dimensions of Culture**

<b>Dimension</b>	<b>Definition</b>
<b>1. Power Distance</b>	The degree to which members of an organization or society expect and agree that power should be shared equally <sup>20</sup>
<b>2. Institutional and In-group Collectivism</b>	The extent to which individuals act on their own behalf versus in the interests of the group <sup>21</sup>
<b>3. Gender Egalitarianism</b>	The extent to which different roles for women and men are prescribed and proscribed <sup>22</sup>
<b>4. Assertiveness</b>	The extent to which people are or should be encouraged to be assertive, aggressive, and tough or non-assertive, nonaggressive, and tender in social relationships <sup>23</sup>
<b>5. Humane Orientation</b>	The degree to which an organization or society encourages and rewards individuals for being fair, altruistic, friendly, generous, caring, and kind to others <sup>24</sup>
<b>6. Performance Orientation</b>	The extent to which a community encourages and rewards innovation, high standards, and performance improvement <sup>25</sup>
<b>7. Uncertainty Avoidance</b>	The extent to which ambiguous situations are threatening to individuals, to which rules and order are preferred, and to which uncertainty is tolerated in a society <sup>26</sup>
<b>8. Future Orientation</b>	The degree to which a collectivity encourages and rewards future oriented behavior such as planning and delaying gratification <sup>27</sup>

Language is an expression of culture, and culture is language expressed. Which came first, the chicken or the egg? There are arguments for both sides with some

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<sup>20</sup> House et al., *Culture, Leadership, and Organizations*, 537.

<sup>21</sup> House et al., *Culture, Leadership, and Organizations*, 438.

<sup>22</sup> House et al., *Culture, Leadership, and Organizations*, 343.

<sup>23</sup> House et al., *Culture, Leadership, and Organizations*, 395.

<sup>24</sup> House et al., *Culture, Leadership, and Organizations*, 569.

<sup>25</sup> House et al., *Culture, Leadership, and Organizations*, 239.

<sup>26</sup> House et al., *Culture, Leadership, and Organizations*, 602.

<sup>27</sup> House et al., *Culture, Leadership, and Organizations*, 282.

writers equating the two as one. Malina writes that “language is a subset of the general symbol system of the group”<sup>28</sup> and that “the ability to language and be languaged is not exactly personal, and if not personal or natural (no one speaks ‘Human’) then the source of the ability must be cultural but with genetic predispositions and individual actualization.”<sup>29</sup> By contrast, Hofstede claims that “all human culture evolved based on language.”<sup>30</sup> An example is the heavily enforced French language laws of the Province of Quebec in Canada. Language laws are actively enforced to ensure a continuation of the Francophone culture. The belief is that if the language is well preserved, so too will the culture be. And conversely, if the language is not well preserved, the culture will be lost.

Culture is complex. As James Davison Hunter writes, “The prevailing view of culture is a weak view and the strategies for change that emerge from it are ineffective, largely because they fail to take into account the nature of culture in its complexity and the factors that give it strength and resilience over time.”<sup>31</sup> Like the layers of an onion, there are many.<sup>32</sup> They must be peeled away, one after the other, in order to get to the heart of the culture—those foundational values, beliefs, and underlying assumptions that support the other layers of the onion.<sup>33</sup> One writer attempts to simplify the complexity by saying, “The essence of culture is found in the hearts and minds of individuals—what are typically called values.”<sup>34</sup>

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<sup>28</sup> Malina, *Christian Origins and Cultural Anthropology*, 11.

<sup>29</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 5.

<sup>30</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 8.

<sup>31</sup> Hunter, *To Change the World*, 32.

<sup>32</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 7-8.

<sup>33</sup> Morgan, *Images of Organization*, 6.

<sup>34</sup> Hunter, *To Change the World*, 5-6.

Cultures can be healthy, dysfunctional, or a combination of the two, where some aspects are functional and others are not. When a culture has dysfunction there can be negative consequences for broader society.<sup>35</sup> For example, in Afghanistan many females must fight for the right to be educated, and Christians are considered to be infidels who should convert or die. The cultural norms of extreme patriarchy and Islamic fundamentalism that are held by certain groups of people in Afghanistan create negative consequences for the broader society.

Because of the depths to which cultures go, and their degrees of complexity, culture is difficult to change. To bring about deep, meaningful, lasting change the collective must be moved. This may happen one individual at a time, many times over, and over a lengthy period of time, until critical mass is achieved. According to Hofstede, as quoted in the Globe Study, “what little evidence exists suggests that change in fundamental cultural values appear to be very slow, and likely quite resistant to convergent forces.”<sup>36</sup>

Culture is taught, learned, rewarded, and punished. It is taught consciously and unconsciously, and it is learned both through formal education and by osmosis as it is passed on to new generations. As Schein writes, “After a group has a culture, it will pass elements of this culture on to a new generation of group members.”<sup>37</sup> When someone behaves in a culturally correct way, he or she is rewarded by approval and inclusion. When someone behaves outside of the cultural norms, he or she is punished with

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<sup>35</sup> Morgan, *Images of Organization*, 145.

<sup>36</sup> House et al., *Culture, Leadership, and Organizations*, 54.

<sup>37</sup> Schein, *Organizational Culture and Leadership*, 19.

disapproval and exclusion. Because of culture's social nature, rewards, and punishment, culture is a significant driver of behavior.

A particular culture is often recognized by its symbols.<sup>38</sup> As Malina writes, "Culture, then, is a system of symbols, the result of a process of endowing persons, things, and events with meanings."<sup>39</sup> Whether the Christian cross, Islam's crescent moon, or the pink lapel ribbon of a breast cancer survivor, symbols help outsiders to catch a glimpse of someone's cultural values,<sup>40</sup> or insiders to recognize one of their own. Although a culture can be recognized by its symbols, culture is also dynamic, ever changing and evolving. Recognizable patterns provide but a glimpse of the current cultural norms. As Morgan writes, "Culture is self-organizing and is always evolving."<sup>41</sup>

Culture both enables and impedes understanding of one another as a group progresses. When cultural values and norms align, progress can be smoother and less anxiety-ridden than when norms differ. When there is cultural congruence, there are common, well-established assumptions on which to build. However, because those cultural norms are often unwritten and unspoken, too many assumptions can be made, leading to misunderstanding, frustration, and anxiety. As Schein says, to make sense of culture one must "learn to see the world through cultural lenses, becoming competent in cultural analysis . . . being able to perceive and decipher the cultural forces that operate."<sup>42</sup>

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<sup>38</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 8.

<sup>39</sup> Malina, *Christian Origins and Cultural Anthropology*, 11.

<sup>40</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 9.

<sup>41</sup> Morgan, *Images of Organization*, 146.

<sup>42</sup> Schein, *Organizational Culture and Leadership*, 13.



A single individual can be part of many cultures at the same time. Hofstede writes, "As almost everyone belongs to a number of different groups at the same time, we unavoidably carry several layers of mental programming within ourselves corresponding to different levels of culture."<sup>43</sup> For example, if a woman is an evangelical Christian, a second-generation American of Dutch descent, and works in a small family business, she would exhibit different cultural norms than a man who is a Muslim, a second-generation American of Iranian descent, and works in a small family business. These two people may share some cultural similarities in terms of the values and norms of working in a small family business or being a second-generation American. However, their deeper cultural roots of ethnic heritage and religion would make it difficult for them to see those places in which they are culturally congruent.

Culture has everything to do with the way people think, learn, teach, communicate, and show emotion. It encompasses what they believe, how they respond to authority, view justice, dress, dance, speak, create art, experience humor, make decisions, and solve problems. Culture provides the lens for how people relate to and see their environment, children, elders, women, men, work, and time. Culture drives what they even allow themselves to see, how they view themselves and the world around them. And culture does all of this in the blink of an eye. Culture, then, is a "both/and" concept as illustrated in table 2.3.

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<sup>43</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 19.

Table 2.3: Culture as a “Both/And” Concept

<b>Culture Is BOTH</b>	<b>AND</b>
Based on written rules and spoken norms	Based on unwritten rules and unspoken norms
An expression of language	Language expressed
Functional at times	Dysfunctional at times
A lens through which we as people see ourselves, others, and our world	A lens through which others see us
Hard to change	Dynamic and ever changing
Taught	Learned
Rewarded	Punished
Enables understanding	Impedes understanding
Social	An individual can be part of more than one culture simultaneously
Inclusive	Exclusive

If a picture of culture could be drawn, it might look something like figure 2.1.

### Figure 2.1: A Picture of Culture



## What Is Meant by Organizational Culture?

*Deal and Kennedy write, “Every business—in fact every organization—has a culture. Sometimes it is fragmented and difficult to read from the outside—some people are loyal to their bosses, others are loyal to the union, still others care only about their colleagues . . . whether weak or strong, culture has a powerful influence throughout an organization; it affects practically everything—from who gets promoted and what decisions are made, to how employees dress and what sports they play. Because of this impact, we think that culture also has a major effect on the success of the business.”*<sup>44</sup>

Edgar Schein is one of the most prolific and respected writers on the subject of organizational culture. He is often credited with inventing the term “corporate culture,” has written more than a dozen books on or related to the topic, and has received a lifetime achievement award in Workplace Learning and Performance. And yet he can say that the field is “growing rapidly and is beyond my scope to review systematically.”<sup>45</sup> And so, as this work attempts to make sense of the foundational research and writings on the subject of organizational culture, it is being approached with a sense of excitement, humility, and inadequacy at the challenge.

Schein’s work spans, and has application for, all of the various organizational sectors recognized throughout the world today. These sectors are the private, public, government, and not-for-profit organizations—this would include the faith-based sector.

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<sup>44</sup> Terry E. Deal and Allan A. Kennedy, *Corporate Cultures* (New York: Basic Books, 2000), 4.

<sup>45</sup> Schein, *Organizational Culture and Leadership*, x.

Gareth Morgan has also been viewed as a leading expert on organizations for more than twenty-five years and has written extensively on organizational culture. His view of an organization's culture is that an organization is its culture: a culture that is continually being formed and reformed through a series of ongoing historical events created by both internal and external drivers and the reactions and actions taken by the people inside the organization based on a set of cultural norms. Together this set of values, ideas, beliefs, norms and rituals, and other patterns of shared meaning have developed over time and serve to guide organizational life.

For Morgan, culture is not something to be imposed on an organization; rather, it is built through shared experience and interactions. He writes:

Shared values, shared beliefs, shared meaning, shared understanding, and shared sense making are all different ways of describing culture. In talking about culture we are really talking about a process of reality construction that allows people to see and understand particular events, actions, objects, utterances, or situations in distinctive ways. These patterns of understanding help us to cope with the situations being encountered and also provide a basis for making our own behavior sensible and meaningful.<sup>46</sup>

Geert Hofstede, well known for his work in organizational culture, describes culture as consisting of "the unwritten rules of the social game" and defines it as the "collective programming of the mind that distinguishes the members of one group or category or from others."<sup>47</sup>

While Morgan views organizational culture primarily through the anthropological lens, Hofstede sees it primarily through a sociological lens. Cameron and Quinn write,

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<sup>46</sup> Morgan, *Images of Organization*, 134.

<sup>47</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 6.

“The two main disciplinary foundations of organization culture are sociological (organizations have cultures) and anthropological (organizations are cultures).”<sup>48</sup> As with culture in general, organizational culture can be thought of as both/and—both sociological and anthropological.

Understanding and shaping organizational culture is often considered a “soft” skill. However, this author, having worked in excess of thirty years in organizations, is of the opinion that while the skill may be “soft,” developing it is “hard.” As Hofstede writes, “Corporate culture is a soft, holistic concept with, however, presumed hard consequences.”<sup>49</sup>

Two terms are often used in the literature: organizational culture and corporate culture. The definitive authors on the subject use these two terms virtually interchangeably.<sup>50</sup> At times, authors use the term “corporate culture” to mean a single aspect of culture, for example, a “corporate culture of quality” or an “entrepreneurial corporate culture.” This infers that corporate culture is somehow more one-dimensional, narrow, and less deep than the organizational culture that exists at the level of values. For the purpose of this thesis, the term “organizational culture” will be used consistently and will refer to the entirety of an organization’s culture rather than a

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501. <sup>48</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 500-

<sup>49</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 47.

<sup>50</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 47.

single aspect or descriptor of it. As Shafritz writes, “When we refer to the culture of a group we are referring to all of its operations.”<sup>51</sup>

Complete consensus on a standard definition of organizational culture has not been reached, though many have attempted to define it. According to authors Cameron and Quinn, more than 150 definitions of culture have been identified.<sup>52</sup>

The main definitions that have been articulated are these:

1. Collective phenomena that embody people’s responses to the uncertainties and chaos that are inevitable in human experience. They fall into two major categories: substance (shared emotionally charged belief systems that we call ideologies) and form (observable entities, including actions, through which members of a culture express, affirm, and communicate the substance of their culture to one another).<sup>53</sup>
2. The beliefs, values and meanings used by members of an organization to grasp how the organization’s uniqueness originates, evolves and operates.<sup>54</sup>
3. A pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.<sup>55</sup>
4. The set of values, ideas, beliefs, norms and rituals, and other patterns of shared meaning that guide organizational life.<sup>56</sup>
5. The collective programming of the mind that distinguishes the members of one organization from another.<sup>57</sup> (Hofstede qualifies this definition as he goes on to say that “organizational culture is maintained in the minds of its members and other stakeholders.”<sup>58</sup>)

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<sup>51</sup> Jay M. Shafritz, J. Steven Ott, and Yong Suk Jang, eds., *Classics of Organization Theory*, 7th ed. (Boston: Wadsworth Cengage Learning, 2010), 354.

<sup>52</sup> Kim S. Cameron and Robert E. Quinn, *Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework*, 3rd ed., Jossey-Bass Business and Management (San Francisco: Jossey-Bass, 2011), Kindle locations 499-500.

<sup>53</sup> Harrison M. Trice and Janice M. Beyer, *The Cultures of Work Organizations* (Englewood Cliffs, NJ: Prentice Hall, 1993), 2, first articulated by Trice and Beyer in 1984.

<sup>54</sup> Majken Schultz, *On Studying Organizational Cultures: Diagnosis and Understanding* (New York: Walter de Gruyter, 1995), 5.

<sup>55</sup> Schein, *Organizational Culture and Leadership*, 18.

<sup>56</sup> Morgan, *Images of Organization*, 6.

<sup>57</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 344.

<sup>58</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 345.

6. The specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization.<sup>59</sup>
7. A set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations.<sup>60</sup>
8. A pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.<sup>61</sup>

Table 2.4 illustrates the commonalities in these definitions.

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<sup>59</sup> Charles W. L. Hill and Gareth R. Jones, *Strategic Management Theory: An Integrated Approach*, 9th ed. (Mason, OH: South-Western College Publications, 2010), 381.

<sup>60</sup> Davide Ravasi and Majken Schultz, "Responding to Organizational Identity Threats: Exploring the Role of Organizational Culture," *Academy of Management Journal* 49, no. 3 (2006), 437.

<sup>61</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 356.

**Table 2.4: Commonalities of Definitions of Organizational Culture**

<b>Common Themes</b>	<b>Trice</b>	<b>Schultz</b>	<b>Schein</b>	<b>Morgan</b>	<b>Hofstede</b>	<b>Hill &amp; Jones</b>	<b>Ravasi &amp; Schultz</b>	<b>Shafritz</b>
Right and wrong	Substance: Shared belief systems/ ideologies	Beliefs Values Meanings	The correct way to perceive, think, and feel in relation to problems	Values Ideas Beliefs Norms Rituals	Programming of the mind	Values Norms	Defined appropriate behavior for various situations	The correct way to perceive, think, and feel in relation to problems
Shared, learned, taught, and used	Forms: Members express, affirm, and communicate shared beliefs with one another	Used by members of an organization	Basic shared assumptions Learned by a group Taught to new members	Patterns of shared meanings	Collective – distinguishes members of one organization from others	Shared by people and groups in an organization	Shared mental assumptions	A pattern of shared basic assumptions learned by a group that has worked well enough to be considered valid and therefore taught to new members
Solves problems and guides	Forms: Observable actions	To grasp how the group's uniqueness	To solve problems of external adaptation	To guide organizational life	Maintained in the minds of its members	To control interactions with each other and	To guide interpretation and actions in	To solve its problems of external adaptation



<b>Common Themes</b>	<b>Trice</b>	<b>Schultz</b>	<b>Schein</b>	<b>Morgan</b>	<b>Hofstede</b>	<b>Hill &amp; Jones</b>	<b>Ravasi &amp; Schultz</b>	<b>Shafritz</b>
into the future		originates, evolves and operates	and internal integration		and stakeholders	external stakeholders	organizations	and internal integration

Hofstede too acknowledges that there is no standard definition of the concept of organizational culture. In his search to find commonalities in the definitions, he notes six (see table 2.5).

**Table 2.5: Hofstede's Six Commonalities<sup>62</sup>**

1. Holistic: referring to a whole that is more than the sum of its parts
2. Historically determined: reflecting the history of the organization
3. Related to the things anthropologists study, such as rituals and symbols
4. Socially contrasted: created and preserved by the group of people who together form the organization
5. Soft
6. Difficult to change

Upon reflection, the commonalities in the definitions of organizational culture allow one to see three concepts that weave through them.

1. Culture forms people's sense of what is right and wrong (correct ways of thinking, feeling, believing, acting).
2. Those things that are right and wrong can be shared, learned, and must be taught to newcomers for their use.
3. There is general group consensus that those right and wrong thoughts, feelings, beliefs, and actions will solve the problems of the organization and lead it into future success inside and outside the organization.

The depth and breadth of this all-encompassing concept called organizational culture makes it difficult, and yet incredibly important, to define. As Cameron and Quinn write, the "organization's culture is reflected by what is valued, the dominant leadership styles, the language and symbols, the procedures and routines, and the definitions of success."<sup>63</sup> Organizational culture is at the heart of the organization and is the lifeblood of its activities.

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<sup>62</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 344.

<sup>63</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 556-57.

## How Do Culture and Organizational Culture Align?

The definition of organizational culture, then, mirrors and aligns with the definition of culture in general with specific application to the organization—any organization. Schein outlines this alignment. His work is built on four categories of culture as described in table 2.6. Because of a number of drivers (specialization, technology, globalization, and global environmental issues), it is his contention that in order to understand any level of culture, one must understand all.<sup>64</sup>

**Table 2.6: Schein’s Categories of Culture<sup>65</sup>**

<b>Culture</b>	<b>Category</b>	<b>Aspects</b>
Macro-cultures	Nations, ethnic and religious groups, occupations that exist globally	More stable and ordered because of the length of time they have existed (some occupational examples are lawyers, engineers, accountants, executives)
Organizational Cultures	Private, public, nonprofit, government organizations	Vary in strength and stability as a function of the length and emotional intensity of the actual history from the moment they were founded
Subcultures	Occupational groups within organizations	Vary from highly structured ones such as medicine to fluid ones like management
Micro-cultures	Microsystems within or outside organizations	The most variable, and useful for studying culture formation and evolution

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<sup>64</sup> Schein, *Organizational Culture and Leadership*, 5.

<sup>65</sup> Schein, *Organizational Culture and Leadership*, 2-3.

House writes that “organizational cultures reflect the societies in which they are embedded. For example, organizations with high performance orientation are found in societies with high performance orientation.”<sup>66</sup>

Hofstede espouses that there are various layers of culture (which may at times conflict with one another), each with its own layer of “mental programming.” In his model, within the organization, there are multiple cultural systems such as “departmental and/or corporate level” cultures (see table 2.7).

**Table 2.7: Hofstede’s Layers of Culture<sup>67</sup>**

National	According to one’s country
Regional	Regional and/or ethnic and/or religious and/or linguistic affiliation
Gender	Male or female
Generational	Grandparent, parent, or child
Social Class	Associated with education, occupation, or profession
Organizational, Departmental, and Corporate	For those who are employed

Hofstede makes the point that “an organization is a social system of a different nature from that of a nation, if only because the organization’s members usually did not grow up in it. On the contrary, they had a certain influence in their decision to join it, are involved in it only during working hours, and will one day leave it.”<sup>68</sup>

<sup>66</sup> House et al., *Culture, Leadership, and Organizations*, 37.

<sup>67</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 18.

<sup>68</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 47.

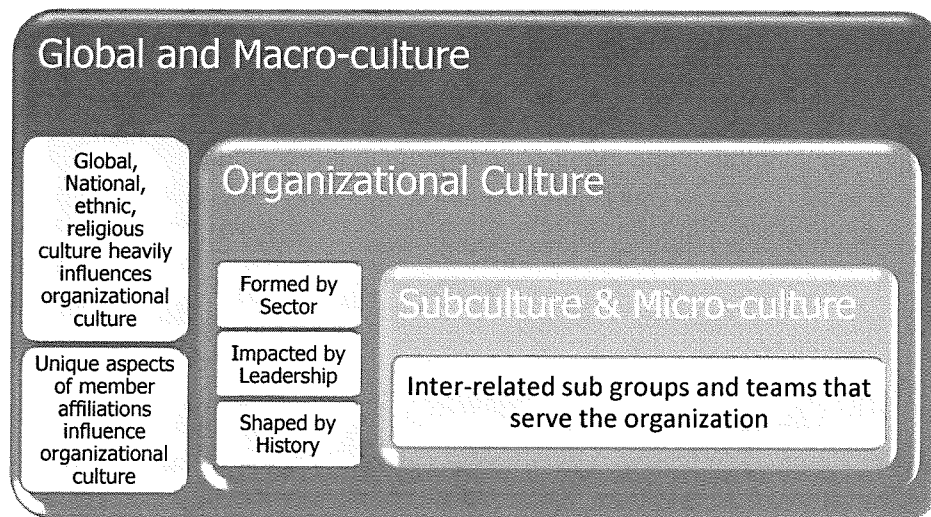
Cameron and Quinn feel that global culture plays an important role in the formation of organizational culture. They write, "At the broadest level, a global culture, such as a world religion's culture or the culture of the Far East, would be the highest level."<sup>69</sup>

Simply put, organizational cultures are nested within a larger macro-culture.

They are

- situated within broad global culture;
- heavily influenced by the macro-culture they are resident in;
- unique in their attributes depending on the affiliation of its members (e.g., accountants, doctors, lawyers, CEOs);
- formed based on their particular sector (private, public, not for profit);
- influenced by the individuals who lead and serve in them;
- shaped by their history;
- made up of a series of interrelated subcultures and micro-cultures (each of which may have a common core).

**Figure 2.2: Organizational Culture Nested Within Macro-culture**



<sup>69</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 554-56.

## Describing Culture

### **What Are the Main Models of Organizational Culture?**

In 1995 Schultz, a well-respected author on the subject of organizational culture, wrote that “after ten years of cultural debate, there is a wealth of literature on organizational culture with many competing theoretical views of the culture concept and its importance.”<sup>70</sup> In those and ensuing years, in an attempt to articulate and describe organizational culture, experts in the field have created models that serve as proxies for this purpose. The following are some of the most important examples on which the others have been built.

The first example comes from Schein, who looks at artifacts, espoused values, and assumptions—in other words, the things that can be observed in a culture (its artifacts); the things the leadership espouses through goals, strategies, values, and philosophies (espoused values), and the unspoken norms people within the culture operate on (assumptions.)<sup>71</sup>

House articulates The Integrated Theory Model, in the form of a systems model, found in the Globe Study. In this model, nine interacting attributes and entities uniquely combine to create a particular culture. His theory is that the “differentiating values and practices of each culture and the organizational contingencies faced by each organization will be predictive of the leader attributes that are most frequently perceived as acceptable and most frequently enacted.”<sup>72</sup> And so, his model is highly

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<sup>70</sup> Schultz, *On Studying Organizational Cultures*, 6.

<sup>71</sup> Schein, *Organizational Culture and Leadership*, 24.

<sup>72</sup> House et al., *Culture, Leadership, and Organizations*, 19.

dependent on the leadership of the culture. It is his contention that the unique cultural mix of these integrated attributes and entities can be predictive of both the organization's economic competitiveness and its group members' well-being.

Senge describes five cultural elements that work together to form organizational culture: beliefs and assumptions; established practices; skills and capabilities; networks of relationships; and awareness and sensibilities.<sup>73</sup>

Hofstede's model for analysis of organizational culture is built on six dimensional spectrums:<sup>74</sup>

1. Process oriented versus results oriented
2. Employee oriented versus job oriented
3. Parochial versus professional
4. Open system versus closed system
5. Loose versus tight control
6. Normative versus pragmatic

Bolman and Deal take a different approach and look at four different organizational frames (structural, human resource, political, and symbolic). These four frames, models, or lenses through which one can view an organization provide a mechanism for observing and understanding the complexity of an organization's culture.

Shultz too attempts to articulate a theoretical model for use in understanding the concept of culture. His position is that there are three different approaches to the problem—three ways researchers view culture and therefore create models.<sup>75</sup> The first

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<sup>73</sup> Peter M. Senge, *The Fifth Discipline: The Art and Practice of the Learning Organization*, rev. ed. (New York: Crown Business, 2006), 284-85.

<sup>74</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 354.

<sup>75</sup> Schultz, *On Studying Organizational Cultures*, 14-16.

approach is through rationalism. By this he means a model through which organizational culture is an efficiency tool—a means to accomplishing an end. It is concerned with achievement of the goals of the organization. The second is functionalism.

Functionalism is primarily focused on organizational survival and concerns itself primarily with shared values and assumptions. And last is the approach of symbolism.

Meaning is the main concern of this part of his theoretical model. As he writes, “Actions do not take place according to mechanical cause-effect relations or the need for organizational survival, but rather, due to social constraints regarding the meanings of various acts.”<sup>76</sup> Schultz writes little about the rationalist perspective, as he feels it is the “least innovative approach to organizations.”<sup>77</sup> Instead, he spends much of his time attempting to integrate functionalism and symbolism into a single model.

Cameron and Quinn have built a four-type model called The Competing Values Framework which they use to describe culture. The four cultural types found in their framework are<sup>78</sup>

1. The Hierarchy (Control) Culture
2. The Market (Compete) Culture
3. The Clan (Collaborative) Culture
4. The Adhocracy (Create) Culture

In Cameron and Quinn’s model the determinants of which cultural group an organization falls within is based on the organization’s degree of flexibility and discretion versus stability and control, and its internal focus and integration versus its external focus and differentiation.

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<sup>76</sup> Schultz, *On Studying Organizational Cultures*, 15-16.

<sup>77</sup> Schultz, *On Studying Organizational Cultures*, 5.

<sup>78</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle location 760.



The longer the study of culture continues, the more books are published on the subject, the more models and resulting analytical tools appear for use. As Schultz writes, “There has not yet been—and may never be—established a generally accepted conceptual framework for analyzing [and therefore fully understanding or describing] organizational culture.”<sup>79</sup>

It is this author’s perspective that while none of these models are able to fully describe this concept called organizational culture, all of them provide effective lenses through which one can view an organization’s culture toward heightened understanding.

### **Can There Be More Than One Culture in a Single Organization?**

Because of the nesting of cultures within organizations, there can be several cultural types found within a single organization. For example, the accounting department may have one cultural makeup, research and development another, and the marketing and executive teams yet another.<sup>80</sup>

Cameron and Quinn state that “inside an organization, subunits such as functional departments, product groups, hierarchical levels, or even teams may also reflect their own unique cultures.”<sup>81</sup> They describe it this way: “Organizations, of course, may have multiple, unique subcultures associated with different subunits. For example, the subculture of the marketing department may differ perceptibly from that of the

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<sup>79</sup> Schultz, *On Studying Organizational Cultures*, 11.

<sup>80</sup> Schein, *Organizational Culture and Leadership*, 2.

<sup>81</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 558-59.

engineering department, or a unionized employee subculture may appear to be different from the top management subculture.”<sup>82</sup>

Boards of directors too are corporate micro-cultures—the type of culture Schein would describe as the “most variable and the most dynamic and, therefore, provides special opportunities to study culture formation and evolution.”<sup>83</sup>

At the heart of these subcultures lies a commonality of values, norms, and beliefs that are representative of the larger organizational culture. As Cameron and Quinn write, “Organizational cultures may comprise unique subcultures, but each of these subcultures contains common attributes that make up an overarching culture typical of the entire organization.”<sup>84</sup>

### **Culture as Personality**

This brief discussion on the topic of culture as personality is not intended to be an exhaustive review of the broad anthropological, sociological, and psychological discussion of how culture and personality interrelate and affect one another. Nor is it intended to determine which came first, culture or personality, the chicken or the egg. Rather it is intended to make the point that it is possible to view the expression of organizational culture in much the same way one can view the personality of an individual—through observing the person’s behavior.

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55. <sup>82</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 2453-

<sup>83</sup> Schein, *Organizational Culture and Leadership*, 3.

59. <sup>84</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 2457-

In other words, as both Schein and Shafritz write, “culture is to a group what personality or character is to an individual. We can see the behavior that results, but often we cannot see the forces underneath that cause certain kinds of behavior. Yet, just as our personality and character guide and constrain our behavior, so does culture guide and constrain the behavior of members of a group through the shared norms that are held in that group.”<sup>85</sup> Morgan says when describing what is now commonly recognized as corporate culture, that “just as individuals in a culture can have different personalities while sharing much in common, so too with groups and organizations.”<sup>86</sup>

Not only does the organization have a cultural personality, but also there are a series of groups and subgroups within the organization that each has its own cultural personality. The board of directors is but one example of this in an organization. And this is further complicated when one considers that each individual in each organization and subgroup has his or her own set of cultural norms and a unique personality type. As one reads in *Classics of Organization Theory*, “One can view personality and character as the accumulation of cultural learning that an individual has experienced in the family, the peer group, the school, the community, and the occupation. In this sense, culture is within us as individuals and yet constantly evolving as we join and create new groups that eventually create new cultures.”<sup>87</sup>

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<sup>85</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 351; Schein, *Organizational Culture and Leadership*, 14.

<sup>86</sup> Morgan, *Images of Organization*, 124.

<sup>87</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 351.

One consequence of this is that it becomes possible to observe, measure, and understand the unique cultural “personality type” of an organization and that of its various subunits and cultures, with a view to developing transformative strategies.

### **What Is the Relationship Between Culture and Leadership?**

“Cultural understanding is desirable for all of us,” write Shafritz, Ott, and Jang, “but it is essential to leaders if they are to lead.”<sup>88</sup>

Somewhat like the bird on the back of the elephant eating away at the small insects that would otherwise irritate the elephant’s surprisingly sensitive skin, there is a symbiotic relationship between leaders and the organizations that they lead. The elephant allows the bird to eat from its back and to go along for the ride. The bird keeps the elephant healthy. Ultimately the real power of the leader comes from the organization; however, it is the leader who has the most power to shape the culture of the organization. Over time each must both give and gain in order to constructively co-exist.

There is broad consensus in the literature that culture shapes leaders who in turn shape the culture of the organizations they serve. Leaders not only can create, shape, and affect organizational culture, but they must. If they do not, then the organization will be subject to the cultural winds blowing through it.

Schein writes that culture and leadership cannot be separated. They are, as he says, “two sides of the same coin.”<sup>89</sup> He argues that leaders are the “architects” of

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<sup>88</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 351.

<sup>89</sup> Schein, *Organizational Culture and Leadership*, 3.

culture, influence what is possible, and can (and must when aspects of culture are dysfunctional) change culture.<sup>90</sup> Schein believes that ultimately it is the leader who creates and re-creates culture. However, once in place, as the culture matures and becomes more stable, the cultural norms provide boundaries and embed group meaning to the point that the culture may dictate what will be acceptable in terms of the kind of leaders the group will readily respond to and work with. Bolman and Deal write that “there is a long-standing relationship between culture and leadership.”<sup>91</sup> They ask, “Do leaders shape culture, or are they shaped by it?”<sup>92</sup> Schein goes so far as to say that “these dynamic processes of culture creation and management are the essence of leadership.”<sup>93</sup>

A further perspective of Morgan’s is that, though other factors have an influence on organization’s culture (gender, position of power), the major link to understanding organizational culture lies in the leadership style found in the organization.<sup>94</sup> The personal style, character, and personality type of the leader or group of leaders in an organization, over time, have a direct and significant effect on the culture of the organization. For example, if a leader is overly authoritative this may result in a culture marked by fear, low trust, and disempowerment. If the leader is bureaucratic and perfectionistic, this may result in a culture that is rigid and impersonal.<sup>95</sup>

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<sup>90</sup> Schein, *Organizational Culture and Leadership*, xi.

<sup>91</sup> Lee G. Bolman and Terrence E. Deal, *Reframing Organizations: Artistry, Choice, and Leadership*, 4th ed. (San Francisco: Jossey-Bass, 2008), 269.

<sup>92</sup> Bolman and Deal, *Reframing Organizations*, 269.

<sup>93</sup> Schein, *Organizational Culture and Leadership*, 3.

<sup>94</sup> Morgan, *Images of Organization*, 131.

<sup>95</sup> Manfred F. R. Kets de Vries and Danny Miller, “Personality, Culture, and Organization,” *The Academy of Management Review* 11, no. 2 (1986): 226-79.

The effects of leadership on organizational culture can be both negative and positive. As Lane writes, “With most things, each positive has a corresponding negative.”<sup>96</sup> For example, building a culture of loyalty may at times cause people to place loyalty over truth. While loyalty is a positive cultural trait, it can be taken to an extreme. Or, overreliance on routine and systems can lead to complacency and low initiative. Routine and systems are important to organizations, but they must remain fresh in order to avoid the negatives. Another example might be that of innovation. Building creativity and innovation into a culture is central to building a culture where continuous learning and growth are prized. However, if a leader is inconsistent or promotes too much unstructured creativity, his or her leadership can create uncertainty and discomfort over the ambiguity in the culture.

This interplay between the leader and the organization underscores the significance of the leader understanding himself or herself, the culture he or she comes from, and that of the organization he or she leads, as well as its various subcultures. Too, leaders must understand their own effect on the culture, while actively engaging with it to shape it.

House articulates well this symbiotic interplay in what he calls an “integrated theory” in the Globe Study. The leader’s behavior both impacts and is impacted by the organization. He describes how societal culture will affect the behavior of the leader who in turn creates an organization that reflects the accepted norms of the culture. The organizational culture is then maintained by both the leaders and the external pressures

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<sup>96</sup> Lane, *Beginner’s Guide to Crossing Cultures*, Kindle location 2722.

of the societal culture. Over time, as the organization grows and develops influence, it can then affect the broader societal culture. His model continues that, these, working together, influence the process of leadership, organizational form, and practice. These combine together to create a unique cultural profile based on the various interacting attributes of culture.

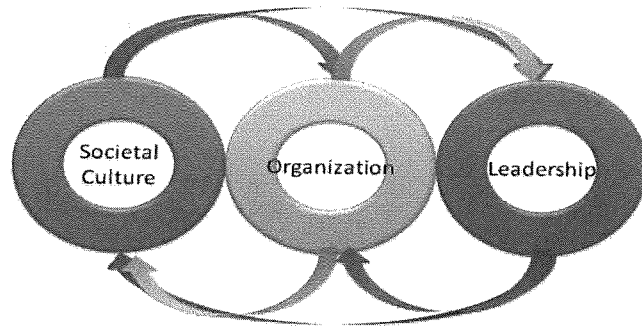
Leaders who are culturally endorsed will be more readily accepted and more effective versus those who are not. Should a leader who is not readily accepted into the culture be an effective leader, over time, through the demonstration of competence, that person will eventually be accepted. Once the leader is generally accepted, those followers who do not accept the leader will eventually part company with the organization, either by choice or release.<sup>97</sup>

In other words, societal culture affects organizational culture and practices; societal culture creates and chooses accepted forms of leadership; the leader chooses and creates the culture of the organization; the leader is accepted by and affects the culture; the organization affects societal culture (see figure 2.3).

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<sup>97</sup> House et al., *Culture, Leadership, and Organizations*, 17-19.

**Figure 2.3: The Symbiotic Relationship of Leadership Organization and Culture**



It is this author's contention that understanding and using this interplay between leadership and culture is the key to using governance as a tool for transformation of organizational culture.

### **Culture as the Core or Heart of the Organization**

Culture is the heart of the organization. It lies at the center of organizational life. It is multifaceted, complex, and yet malleable. Morgan's overall view of organizational culture means that understanding the organization's culture is foundational to understanding the organization. And when an organization's shared frames of reference are known—where it is that they come from and how they are created, communicated and sustained—its core will be exposed. It is from the core of the organization that it can then begin to build and diffuse "fundamental values and operating principles throughout the organization to create a basic for success."<sup>98</sup> The concept is transformation begins from the inside out—beginning at the heart. Schein would agree

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<sup>98</sup> Morgan, *Images of Organization*, 137.



with this; he writes, “Culture is not only all around us but within us as well.”<sup>99</sup> This begs the question, “How is culture built?”

## Building Culture

### How Is Culture Created in Organizations?

If we can understand where culture comes from and how it evolves, then we can grasp something that is abstract; that exists in a group’s unconscious, yet that has powerful influences on a group’s behavior.<sup>100</sup>

—Jay M. Shafritz, J. Steven Ott, and Yong Suk Jang

The literature about culture explains that organizational culture is created first by a founder or leader, or group of founders or leaders who have an idea. The beliefs, values, and assumptions of the founder(s) form the initial organizational culture. As the group grows and shares ideas and experiences, successes and failures, the culture matures. New members bring with them their own sets of beliefs, values, and assumptions which further affect the culture. They are changed by the culture, and the culture is changed by them. Over time, the core culture stabilizes and becomes deeply embedded. As new members continue to join the organization, structures, systems, orientation, and training programs all serve to bring those members into cultural alignment. As the size of the organization increases, subcultures form. These subcultures will have at their core the foundational elements of the original organizational culture; however, there will be differences based on the type of

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<sup>99</sup> Schein, *Organizational Culture and Leadership*, 9.

<sup>100</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 355.

subculture they are (e.g., research and development department, accounting department, engineering department, executive team, board of directors).

Schein writes, “The most salient cultural characteristic of young organizations is that they are the creation of founders and founding families. The personal beliefs, assumptions, and values of the entrepreneur or founder are imposed on the people he or she hires, and—if the organization is successful—they come to be shared, seen as correct, and eventually taken for granted. The shared beliefs, assumptions, and values then function in the organization as the basic glue that holds it together, the major source of the organization’s sense of identity, and the major way of defining its distinctive competence.”<sup>101</sup>

Shafritz writes that culture is formed in two ways. One way is by the “spontaneous interaction in an unstructured group which gradually leads to patterns and norms of behavior.”<sup>102</sup> His belief is that this can happen in as little as a few hours. The second way is by the leadership of the original founder, entrepreneur, or initial organizer of the group. The culture is created and shaped by this individual’s “visions, goals, beliefs, values, and assumptions about how things should be. He or she will initially impose these on the group and/or select members on the basis of their similar thoughts and values.”<sup>103</sup> This author would argue that in any spontaneous interaction of an unstructured group, leadership quickly emerges and heavily influences the formation of the culture of the group. In essence, then, in these first few hours of group formation,

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<sup>101</sup> Edgar H. Schein, *The Corporate Culture Survival Guide*, J-B Warren Bennis Series (San Francisco: Jossey-Bass, 2009), Kindle locations 1857-61.

<sup>102</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 355.

<sup>103</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 355.

the leadership that emerges and leads the formation of culture would equate to the original founder(s).

Shafritz also believes that the initial formation of culture by an individual leader does not necessarily produce culture—it produces initial compliance. It is the shared experiences, and the successes and failures which follow, that truly form and embed the culture in the organization or group. Their concept of the correct way to think, feel, act—beliefs and norms—will have formed. He says that observers should “think of this imposition as a primary act of leadership that does not automatically produce culture.”<sup>104</sup> His point then is that culture, though directly affected by leadership, is primarily formed and sustained through shared experience.

Cameron and Quinn claim that culture is created in three different ways: first, by an initial founder (they use the example of Walt Disney); second, through shared experiences (such as overcoming challenges and obstacles); and third, through the conscious and planned act of management.<sup>105</sup>

Hofstede views the creation of organizational culture in the same way he does culture in general, as a programming of the mind’s software, whether that be through leadership or shared experience.<sup>106</sup>

It is the opinion of this author that they are all right. Organizational culture is first established by the founder(s); developed through shared experience; built on and

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<sup>104</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 355.

<sup>105</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 148-

<sup>106</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 47.

adapted by conscious (and at times unconscious) management design and practice; and becomes an integral part of the mental model of the group's members.

### How Is Culture Embedded in Organizations?

Organizational culture is ever changing. Once culture is created, the embedding of it takes place in a number of ways. There is no single or simple answer to embedding a desired culture. It requires the ongoing and proactive attention of leaders.

Deal and Kennedy write,

A robust culture in a cohesive enterprise is committed to a deep and abiding shared purpose. Its robustness is highly dependent on a unifying cultural tapestry woven over time as people cooperate and learn together. It is woven from the interplay of a set of interlocking cultural elements: History yields values. Values create focus and shape behavior. Heroic figures exemplify core values and beliefs. Ritual and ceremony dramatize values and summon the collective spirit. Stories broadcast heroic exploits, reinforce core values, and provide delightful material for company events.<sup>107</sup>

Table 2.8 outlines Schein's view on how culture is embedded in organizations.

**Table 2.8: How Founders and Leaders Impose Their Values and Assumptions<sup>108</sup>**

Primary embedding mechanisms:
<ul style="list-style-type: none"><li>• What leaders pay attention to, measure, and control regularly</li><li>• How leaders react to critical incidents and organizational crises</li><li>• Observed criteria by which leaders allocate scarce resources</li><li>• Deliberate role modeling, teaching, and coaching</li><li>• Observed criteria by which leaders allocate rewards and status</li><li>• Observed criteria by which leaders recruit, select, promote, retire, and excommunicate organizational members</li></ul>
Secondary articulation and reinforcement mechanisms

<sup>107</sup> Terrence E. Deal and Allan A. Kennedy, *The New Corporate Cultures: Revitalizing the Workplace After Downsizing, Mergers, and Reengineering* (New York: Basic Books, 2000), Kindle reader, 3.

<sup>108</sup> Schein, *Corporate Culture Survival Guide*, Kindle location 1974.

- Organization design and structure
- Organizational systems and procedures
- Organizational rites and rituals
- Design of physical space, facades, and buildings
- Stories, legends, and myths about people and events
- Formal statements of organizational philosophy, values, and creed

Based on the broader literature review, table 2.9 and following highlights the fundamental elements and ways in which culture is created and embedded in organizations.

**Table 2.9: Elements That Create and Embed Culture in Organizations**

1. Leadership and executive support
2. Training and education
3. Shared belief/values statements
4. Communication
5. Structure and systems
6. Strategic direction setting and planning
7. Supported consensus
8. Shared experience and collaboration marked by symbols
9. New member orientation

The literature would point to several elements or ways in which culture is created and embedded in organizations. The following are the nine most widely acknowledged.

#### *Leadership and Executive Support*

Ensuring focused leadership that matches the culture one seeks is the most commonly cited element of organizational culture creation. The leadership must be given in both word and deed. The leader's actions must support what he or she

espouses. As Schein says, “When it comes to culture creation and embedding, ‘walking the talk’ has special significance in that new members pay far more attention to the walk than the talk.”<sup>109</sup> And “in a young and growing organization, the personal behavior of the leader is by far the most important determinant of how the culture is shaped.”<sup>110</sup>

### *Education and Training*

Part of executive support includes providing appropriate education and training for all members of the group in those things significant to supporting the culture goals. Schein writes that “members develop common assumptions from their educational and socialization experience and come to think alike even if they have not shared common experiences.”<sup>111</sup> Again, telling group members what is expected is not sufficient. The leader must walk them through the training. The training must be conducted in such a way as to support real learning toward values-based and aligned behavior. As Schein reminds his readers, “The desired new learning has to be articulated in clear behavioral terms.”<sup>112</sup>

### *Shared Beliefs and Values Statements*

Agreeing on and articulating shared beliefs and values statements is significant in ensuring clarity of the core cultural values of the organization. As one reads in *In Search of Excellence*, “The stronger the culture and the more it was directed toward the

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<sup>109</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 1972-73.

<sup>110</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 1975-76.

<sup>111</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 3247-48.

<sup>112</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 2782-83.

marketplace, the less need was there for policy manuals, organization charts, or detailed procedures and rules. In these companies, people way down the line know what they are supposed to do in most situations because the handful of guiding values is crystal clear.”<sup>113</sup>

### *Communication*

Clear, direct, communication of history, failures, successes, and expectations, on a continuing basis, ensures organizational values are remembered and reinforced. And these communications should be multifaceted, provided in ways that ensure those being communicated to receive the intended message. One way to think about this is to “capitalize on corporate communications opportunities by mastering the ‘six R’s’ of corporate communications—having the *right source* provide the *right information*, to the *right audience*, at the *right time*, in the *right place*, using the *right dissemination method*.”<sup>114</sup> As Posner and Kouzes write, “Be prepared for every public opportunity to reinforce the culture and the meaning you want to create.”<sup>115</sup> Cameron and Quinn add that “unfortunately, people are unaware of their culture until it is challenged, until they experience a new culture, or until it is made overt and explicit through, for example, a framework or model.”<sup>116</sup>

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<sup>113</sup> Thomas J. Peters and Robert H. Waterman, *In Search of Excellence: Lessons from America's Best-Run Companies*, Collins Business Essentials (New York: Harper Paperbacks, 2004), 77-78.

<sup>114</sup> Debra L. Brown and David A. H. Brown, *A Time to Speak: Strategic Leadership for Effective Corporate Communications* (Ottawa: The Conference Board of Canada, 2000).

<sup>115</sup> Barry Z. Posner and James M. Louzes, *The Leadership Challenge*, 4th ed. (San Francisco: Jossey-Bass, 2010), Kindle reader, 331.

<sup>116</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 516-17.

### *Structure or Systems to Support*

One of the ways to embed culture is by formalizing structure. In fact, as Shafritz writes, “Culture implies some level of structural stability in the group.”<sup>117</sup> He goes on to say, “When something is more deeply embedded it also gains stability.”<sup>118</sup> These supports may take the form of written policies, job descriptions, or employee and other manuals. They might even take the form of things like planned celebration (longtime service awards, year-end bonus parties). Deciding how much structural support and how many support systems are required is a function of the need, age, and size of the organization. For example, Schein says, “The supporting mechanisms of structures and processes become more important in the organization’s mid-life, as new generations of leaders are heavily influenced by these structures and processes.”<sup>119</sup> It is of significance to note that some leaders feel that the act of putting structure and systems in place is in and of itself sufficient to change behavior and culture. It is not. Even though roles, responsibilities, principles, and policies may be articulated in written form, these are simply a reflection of the culture and the expectations of behavior within that culture. Morgan calls these “cultural artifacts shaping the ongoing reality.”<sup>120</sup> And yet, there are more norms and codes followed in organizations that are unwritten than are written. Organizational culture will dictate whether or not a given individual is doing the job

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<sup>117</sup> Shafritz, Ott, and Jang, eds., *Classics of Organization Theory*, 355.

<sup>118</sup> Shafritz, Ott, and Jang, eds., *Classics of Organization Theory*, 354.

<sup>119</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 1974-75.

<sup>120</sup> Morgan, *Images of Organization*, 140.



more than a job description will, for as Morgan says, “you are what you are seen and experienced as being, not what you think you are or what your job title or job description says you are.”<sup>121</sup>

### *Strategic Direction and Planning*

Quinn and Cameron stress that leaders should “involve employees in all phases of strategic planning.”<sup>122</sup> Involving group members in strategic direction setting and planning serves to create shared experience and vision and where they are headed together, as well as why they are headed there. This shared plan keeps members focused and aligned, helping to ensure any subcultures that may form in the organization stay as aligned as possible.

### *Supported Consensus*

The higher degree of consensus on organizational structure and plans that effect direction, culture, and structure, the more likely the intended cultural outcome will be reached. Support by way of articulated plans, resource allocations, measurement of the effects, and provision of rewards gives confidence to group members that the leaders are fully behind them. As Schein writes, “Especially important is what the leader attends to, measures, gets upset about, rewards, and punishes.”<sup>123</sup>

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<sup>121</sup> Morgan, *Images of Organization*, 143.

<sup>122</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle location 2980.

<sup>123</sup> Schein, *Corporate Culture Survival Guide*, Kindle location 1973.

### *Shared Experience and Collaboration Marked by Symbols*

When groups share experiences and work on common problems together as a team, this participation and involvement helps in the creation and embedding of culture. These types of shared experiences, particularly the successful ones, provide opportunities for the creation of symbols that mark the experience and reinforce shared meaning. Bolman and Deal write that “over time, an organization develops distinctive beliefs, values and customs. Managers who understand the significance of symbols and know how to evoke spirit and soul can shape more cohesive and effective organizations—so long as the cultural patterns are aligned with the challenges of the marketplace.”<sup>124</sup>

### *New Member Orientation*

When new members are brought into the group, change happens. The new member brings with his or her own cultural makeup, which will affect the organization’s culture. And the organization’s culture will affect the new member. Orientation of the new member serves to embed the existing organizational culture into the new member as quickly and precisely as possible.

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<sup>124</sup> Bolman and Deal, *Reframing Organizations*, 269.

## What Are the Power Sources of Organizational Culture?

One cannot end a review of organizational culture without exploring its power sources. As Shafritz writes, “Power, politics, and influence are essential and permanent facts of organizational life.”<sup>125</sup> Wrestling with getting and giving power is a given in every organization. Rightly or wrongly, people learn the lessons of power and control early in life through relationships with their parents, siblings, and extended families. Beyond the family, early school experiences teach people about power in the organization.

By power sources, the intent is not to provide a comprehensive review of power distance (one of the cultural dimensions discussed earlier) but rather to explore the way in which power is used by people in organizations. Power distance refers to “the degree to which members of an organization or society expect and agree that power should be shared equally.”<sup>126</sup> A power source is a mechanism used to exert one’s power within a given organization or society. As Shafritz explains, “The effectiveness that power brings evolves from two kinds of capacities: first, access to resources, information, and support necessary to carry out a task; and, second, ability to get cooperation in doing what is necessary.”<sup>127</sup> An example of power distance would be the degree to which subordinates would expect to be consulted versus the degree to which they would expect to be told what to do. A power source would be one’s connections, positional power, or other ability to influence.

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<sup>125</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 271.

<sup>126</sup> House et al., *Culture, Leadership, and Organizations*, 537.

<sup>127</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 320.

Power sources, much like the electricity that people use each day to turn on lights or the gasoline that fires the ignitions in cars, are needed to ignite the organization. As Morgan writes, "Power is the medium through which conflicts of interest are ultimately resolved. Power influences who gets what, when and how."<sup>128</sup> Shafritz defines organizational power as "the ability to get things done the way one wants them done; it is the latent ability to influence people."<sup>129</sup>

According to House, French and Raven brought foundational thinking to the conversation on power sources.<sup>130</sup> These sources have been affirmed by other writers on the subject over the years (House, 1977; Bass, 1985; Yukl, 2002; Shafritz, 2011).

French and Raven articulated five distinct sources:<sup>131</sup>

1. Coercive Power: dependent on fear
2. Reward Power: positive motivation
3. Legitimate Power: position within the hierarchy
4. Referent Power: personal alignment and trust with the leader
5. Expert Power: technical expertise, special knowledge or skill

In his description of organizational culture Morgan mentions three different aspects of power: political power, positional power of a particular leader, and power of informal opinion leaders. He further explores fourteen different power sources used as a "means for enhancing their [individual] interests and resolving or perpetuating organizational conflict" (see table 2.10).

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<sup>128</sup> Morgan, *Images of Organization*, 166.

<sup>129</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 272.

<sup>130</sup> House et al., *Culture, Leadership, and Organizations*, 514.

<sup>131</sup> J. R. P. French and B. Raven, "Group Dynamics," in *Group Dynamics: Research and Theory*, ed. D. Cartwright and A. Zander, 3rd ed. (1959; New York: Harper and Row, 1968), 259-69.

**Table 2.10: Morgan's Power Sources<sup>132</sup>**

Morgan's Power Sources
1. Formal authority
2. Control of scarce resources
3. Use of organizational structure, rules, and regulations
4. Control of decision processes
5. Control of knowledge and information
6. Control of boundaries
7. Ability to cope with uncertainty
8. Control of technology
9. Interpersonal alliances, networks, and control of "informal organization"
10. Control of counter organizations
11. Symbolism and the management of meaning
12. Gender and the management of gender relations
13. Structural factors that define the stage of action
14. The power one already has

Other power sources found in the literature<sup>133</sup> are

- Structural holes: the ability to provide a connection where gaps may exist
- Information: the ability to rapidly and efficiently discover or obtain relevant information and be a good listener
- Credibility: earned reputation
- Visibility: pleasing and supportive personality with a connection of networks
- Charisma: an infectious, dynamic, and persuasive personality
- Influencer: ability to use rational persuasion, appeals, and other tactics to influence outcomes

Depending on each organization's unique mix of context, corporate history, sector, geography, the external environment, the individuals involved, their own personality type, and management's style, each of the power sources mentioned by Morgan will be used and applied in differing ways to create a unique corporate cultural personality type. These have been built on the long history of personality analysis and

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<sup>132</sup> Morgan, *Images of Organization*, 167.

<sup>133</sup> House et al., *Culture, Leadership, and Organizations*, 514-15.

study in the field of psychology, and then combining what is known about personality types with power sources and dimensions of culture.

Table 2.11 provides a comparison of the models that describe the power sources of organizational culture.

**Table 2.11: Summary of Power Sources**

<b>French and Raven</b>	<b>Shafritz</b>	<b>Morgan</b>	<b>Others</b>
Coercive Power: dependent on fear			Charisma: an infectious, dynamic and persuasive personality
Reward Power: positive motivation	Ability to influence and get cooperation in doing what is necessary	Control of scarce resources	Charisma: an infectious, dynamic and persuasive personality
Legitimate Power: position within the hierarchy		Positional power of a particular leader  Formal authority  The power one already has  Use of organizational structure, rules and regulations  Control of decision processes Control of boundaries	
Referent Power: personal alignment and		Political power	Credibility: earned reputation

trust with the leader		<p>Power of informal opinion leaders</p> <p>Interpersonal alliances, networks, and control of "informal organization"</p> <p>Control of counter organizations</p> <p>Symbolism and the management of meaning</p>	<p>Visibility: pleasing and supportive personality with a connection of networks</p> <p>Influencer: ability to use rationale persuasion, appeals and other tactics to influence outcomes</p>
Expert Power: technical expertise, special knowledge or skill	Access to resources, information, and support necessary to carry out a task	<p>Control of knowledge and information</p> <p>Control of technology</p>	<p>Information: the ability to rapidly and efficiently discover or obtain relevant information and be a good listener</p> <p>Structural holes: the ability to provide a connection where gaps may exist</p>
		Gender and the management of gender relations	
		Ability to cope with uncertainty	
		Structural factors that define the stage of action	

This author has expanded and defined (and trademarked) four major approaches to wielding power<sup>134</sup> that can drive culture and applied these at three organizational levels—in the boardroom, in the Executive Team and in the organization itself. This model brings together the threads of cultural dimensions (including power distance), power sources, personality types, and group dynamics. Each of the four approaches to wielding power takes into account and includes the various aspects of the power source models summarized in table 2.10, such as political overtones and uses; coercive and reward based motivators; positional power sources; technical and informational power sources; and the eight dimensions of culture articulated by House and described above. These power personality types are

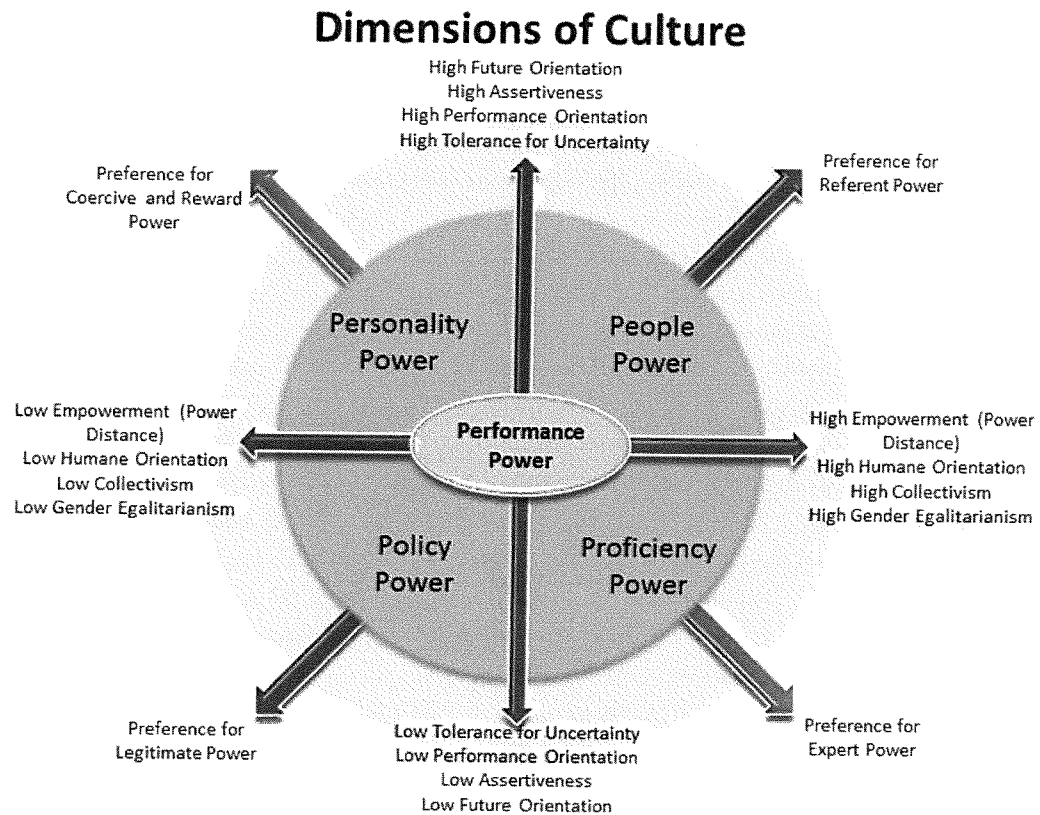
1. Proficiency Power: Using the power of facts, results, and logic to maintain or change culture
2. People Power: Using the power of the collective to maintain or change culture
3. Policy Power: Using the power of bureaucracy, rules, and policy to maintain or change culture
4. Personality Power: Using the power of individual force and coercion (positive and negative) to maintain or change culture

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<sup>134</sup> Debra L. Brown and David A. H. Brown, *Governance Culture* (Toronto: BGI Publishing, 2008,) 5.



Figure 2.4: Cultural Personality Types<sup>135</sup>



Each power personality type might use any or all of the various power sources to one degree or another. Differing culture types are more prone to using certain sources. For example, a proficiency culture would find a higher usage of what French and Raven describe as “Expert Power” than a personality culture might. And a personality culture would use “Coercive” and “Reward” power more than “Referent” power.

However, even though one cultural type might prefer to use a particular power source, that does not preclude it from using any or all power sources. For example, a

<sup>135</sup> See Appendix 2, The Organizational Culture Analytical Tool, for more information on this model.

boardroom culture with a cultural personality of proficiency could use the power of facts to

- motivate either through fear or reward;
- reinforce the power of their position;
- gain the trust of others;
- build credibility based on unique knowledge;
- control knowledge, technology, or process;
- manage uncertainty and risk;
- communicate charismatically;
- increase visibility and networks; and
- accomplish tasks.

And a people personality culture would use the force of the collective (the group), a policy culture the force of rules, and a personality culture the force of individuals to wield power and accomplish objectives.

## Transforming Culture

### Why Does Culture Change?

There is broad agreement, as discussed earlier, that culture is never static—change is the one constant of culture. Culture is hard to change while at the same time being dynamic and ever changing.

Schein writes that motivation for cultural change is generated by three different processes.<sup>136</sup> Those processes are that there is

- enough disconfirming data to cause serious discomfort and disequilibrium;
- disconfirming data showing that goals are not being met or some processes are not being effective (i.e., there is a connection of disconfirming data to important goals and ideals causing anxiety and/or guilt); and
- enough psychological safety: having enough sense of identity and integrity to go ahead with change.

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<sup>136</sup> Schein, *Organizational Culture and Leadership*, 221.

To offer an example, a culture having challenges in communications may observe that another cultural group uses written language to aid in communications. Being dissatisfied with the effectiveness of their own communications and seeing the success of the communications of the other group, they feel safe enough to adopt the use of a written language. The adoption of written language creates fundamental changes to their culture over time.

The primary cause of culture change is what is often termed cultural diffusion (also known as stimulus diffusion and later trans-cultural diffusion). This work will not provide a comprehensive analysis of the various types of cultural diffusion that affect culture (e.g., evolutionary, culture circles, and hyperdiffusionism; expansion, relocation, hierarchical, or contagious diffusion; direct, forced, and indirect diffusion). Cultural diffusion occurs through the exchange of ideas between cultures. Examples of this would be an exchange of patterns, traits, language, or innovations in technology. The concept of cultural diffusion stems to a 1940s article published by *American Anthropology* and written by Alfred L. Kroeber. Kroeber, who built on the anthropological work of Fritz Graebner and Wilhelm Schmidt, observed that “diffusion happens so frequently and so continuously that we know more about its results than about its operation.”<sup>137</sup> He wrote that “diffusion can be subsequently recognized even in the absence of a record of the event.”<sup>138</sup> As such, the reason for culture change is not as obvious as is the evidence that change has indeed occurred. Kroeber puts it another

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<sup>137</sup> Alfred L. Kroeber, “Stimulus Diffusion,” *American Anthropology* 42 (1940): 20.

<sup>138</sup> Kroeber, “Stimulus Diffusion,” 1.

way: "Evidence as to the process of diffusion is much more scant than of the effects. In other words, much diffusion takes place below the surface of historical record. The evidence for it is therefore indirect or inferred, although the conclusions may be none the less indubitable."<sup>139</sup>

Culture change is driven both internally and externally. Examples of external forces creating the impetus for change are that

- one culture may come in contact with another culture (for example, through immigration, media, food);
- a change in laws or legislation may force cultural adaption (i.e., a cultural norm is enforced via rules; for example, equal rights legislation has in part changed how the broader Canadian culture has come to view homosexuality); or
- external changes in the environment may change how people respond culturally (e.g., the generation experiencing the Great Depression became more frugal; a war against or by a nation can cause cultural changes such as the creation of a culture of victimization, fear, or even of superiority; extreme weather such as a drought or earthquake may cause permanent cultural change as a culture learns new ways to deal with tragedy in the aftermath of shared experience).

Examples of internal forces are increased knowledge (knowledge changes thinking, which then changes behavior and the way in which people solve problems together) and internal pressure on the culture (old approaches to problem solving are no longer working for any number of reasons).

As Shafritz writes, "Culture is an abstraction, yet the forces that are created in social and organizational culture are powerful. If we don't understand the operation of these forces, we become victim to them."<sup>140</sup> In short, culture changes because people

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<sup>139</sup> Kroeber, "Stimulus Diffusion," 1.

<sup>140</sup> Shafritz, Ott, and Jang, eds., *Classics of Organization Theory*, 349.

move around, change, grow, learn, create, adapt, and interact as they solve problems together over time.

### **Can Culture Be Measured?**

The consensus in the literature is that culture is at best difficult to measure. However, culture can be inferred using measurement tools that provide predictors of culture that can then be explored in order to determine any deeper cultural implications.

Schein is cautious about attempts to measure culture. However, he believes as long as cultural models that the measurement tools espouse “avoid superficial models of culture and build on the deeper, more complex anthropological models . . . which refer to a wide range of observable events and underlying forces,”<sup>141</sup> then cultural analysis is possible. Those aspects would include interactions that have observable behavioral regularities; group norms; espoused values; formal philosophies; explicit and implicit rules; physical environment; specialization; habits; language; shared meanings, metaphors and symbols; and formal rituals and symbols.<sup>142</sup>

Schein also cautions that cultural assessment should be attempted only when the organization has a problem in need of solving because “in the absence of a problem to be solved or some new strategic goal to be achieved, culture analysis turns out to be boring and often fruitless.”<sup>143</sup> His belief is that understanding one’s culture is not

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<sup>141</sup> Schein, *Organizational Culture and Leadership*, 14.

<sup>142</sup> Schein, *Organizational Culture and Leadership*, 14-15.

<sup>143</sup> Schein, *Corporate Culture Survival Guide*, Kindle location 1268.

automatically valuable, just as understanding one's personality is not automatically valuable. It becomes valuable and necessary only if such understanding enables one to solve a problem, to make a change, or to learn something new. He is quite confident in his assertion that "culture surveys do not and cannot measure culture"<sup>144</sup> for these reasons:

1. It is difficult to know what questions to ask (or cultural dimensions to test for) that are directly related to the problem the organization is trying to solve.
2. There is a risk that the measurements will be too superficial as survey instruments cannot go deep.
3. Questions on surveys are easily misinterpreted or misunderstood by individual respondents, thus making the results unreliable.
4. It is difficult to perceive the patterns in the overarching culture and those of the subcultures.
5. Because individual respondents perceive questions differently it can be inefficient to infer what the "shared" cultural assumptions are.
6. Surveys raise expectations that the leaders may not be able to meet.<sup>145</sup>

Schein views each type of culture (whether macro, organizational, sub, or micro) in three different levels: artifacts, espoused beliefs and values, and basic underlying assumptions. Therefore any method or model devised to analyze or attempt to measure a particular organizational culture would have to include mechanisms designed to reach to these depths.

Schein believes that even "personal reflection about your present group and organizational memberships is a good start toward cultural analysis, but it still leaves unclear how much is actually shared."<sup>146</sup> Rather, his approach to "inferring" and understanding the culture of an organization (as opposed to measuring it through

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<sup>144</sup> Schein, *Corporate Culture Survival Guide*, Kindle location 1296.

<sup>145</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 1297-1306.

<sup>146</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 1348-50.

surveys) is using facilitated dialogue. This starts by “bringing together a group of employees who represent the parts of the organization that may be most involved with solving the business problem that is motivating the exercise.”<sup>147</sup> According to Schein, these are steps to follow:

1. Use an outside facilitator who understands the “concept of culture.”
2. Focus on a real problem in need of solving.
3. The group should “cut across” the organization.
4. State the business problem and the desired future behavior.
5. Build agreement on what would be the visible artifacts, espoused values, and shared tacit assumptions.
6. Decide on next steps; be explicit and specific.

While Schein cautions that it is “hard to gather credible data by survey methods,”<sup>148</sup> preferring to rely more on observations and interviews, it is possible to provide an accurate analysis of organizational culture, including observing some basic and core underlying assumptions, through the use of survey-based analytical tools. The proviso is that the tools are built not only on well-documented theory but also on a body of evidence collected through extensive fieldwork (see Appendix 2, The Organizational Culture Analytical Tool™).

Morgan is also of the opinion that corporate culture may “be the single most important factor standing between success and failure.”<sup>149</sup> And, in terms of measuring culture, Morgan confidently states that “culture is not something that can be measured on a scale because it is a form of lived experience.”<sup>150</sup> Morgan says little else about measuring or attempting to measure culture.

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<sup>147</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 1355-56.

<sup>148</sup> Schein, *Organizational Culture and Leadership*, xii.

<sup>149</sup> Morgan, *Images of Organization*, 128.

<sup>150</sup> Morgan, *Images of Organization*, 147.

Hofstede believes that the values found in culture are stable enough to be measured. He does caution that using questionnaires to do so may be cumbersome and ambiguous and should not be taken too literally, because people may not always act in the same way that they have scored or rated on a questionnaire.<sup>151</sup> Yet, he believes that such questionnaires can be useful in that they highlight differences between individuals and groups.

Deal and Kennedy are more positive about using tools to attempt to measure culture. They claim that “as the culture industry has matured, it has developed other helpful methods,”<sup>152</sup> and they refer to a variety of cultural assessment survey instruments that can be useful in pinpointing discrepancies between what is desired and what is happening in cultures.

Quinn and Cameron come out clearly in favor of taking steps to measure culture. They state that “it is imperative that the individuals charged with studying or managing organizational culture be able to measure key dimensions of culture, develop a strategy for changing it, and begin an implementation process.”<sup>153</sup> Their belief is that there are both quantitative and qualitative ways to measure culture. They claim that the process relies on a combination of “quantitative measurement of key cultural dimensions as well as qualitative methods including stories, incidents, and symbols that represent the immeasurable ambience of the organization.”<sup>154</sup>

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<sup>151</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 28.

<sup>152</sup> Deal and Kennedy, *New Corporate Cultures*, Kindle reader, 217-18.

<sup>153</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 328-29.

<sup>154</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 593-94.



Posner and Kouzes agree that “leaders can easily influence outcomes by providing the tools for measuring progress,” which includes ensuring systems that measure performance against values, implying that culture can and should be measured.<sup>155</sup>

House et al. rely heavily on quantitative (and qualitative) measurement of cultural dimensions in order to measure culture. Building on the work of Hofstede, Kluckholm and Strodtbeck, McClelland, Cyert and March, and Muldert, they developed eighteen different measurement scales designed to measure culture. They came to the conclusion that using these measures is predictive of cultural practices.<sup>156</sup>

While Morgan describes culture as a metaphor (organizations are culture), Schultz describes culture as a variable (organizations have culture). And because culture is a variable in his view it can therefore be measured and mapped on a scale. The choice of approach or tool used for diagnosing culture should “depend on why the organizational culture is being analyzed.”<sup>157</sup>

It is this author’s contention that while one might agree that the totality of an organization’s culture is not something that can be completely and definitively measured, there are a variety of ways in which the cultural temperature of an organization can be taken. The foundational writers on the subject of cultural research and assessment attempt to measure culture. They then use the results of those measurements as core tenets of their conclusions. While there may not yet be the

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<sup>155</sup> Posner and Louzes, *Leadership Challenge*, Kindle reader, 93.

<sup>156</sup> House et al., *Culture, Leadership, and Organizations*, 19.

<sup>157</sup> Schultz, *On Studying Organizational Cultures*, 72.

perfect and definitive cultural measurement tool, there is definitive value in using and building on the tools that currently exist. With the many benefits of understanding and changing culture cited throughout the literature on organizational culture it would seem only prudent to make best efforts to find ways and means of measuring an organization's culture, no matter how rudimentary the effort. Just because something is difficult to measure does not mean it is impossible to measure. Enough has now been learned about organizational culture that clear markers and organizational habits and trends can be observed and measured over time to provide insights into the culture obscured at the core.

### **What Is the Downside of a Dysfunctional or Unhealthy Culture?**

It is an ultimate act of leadership to destroy culture when it is viewed as dysfunctional.<sup>158</sup>

—Jay M. Shafritz, J. Steven Ott, and Yong Suk Jang

Before looking at some specific symptoms and downsides of a dysfunctional or unhealthy culture, one should first comment on the notion of whether or not there is such a thing as a dysfunctional or unhealthy culture.

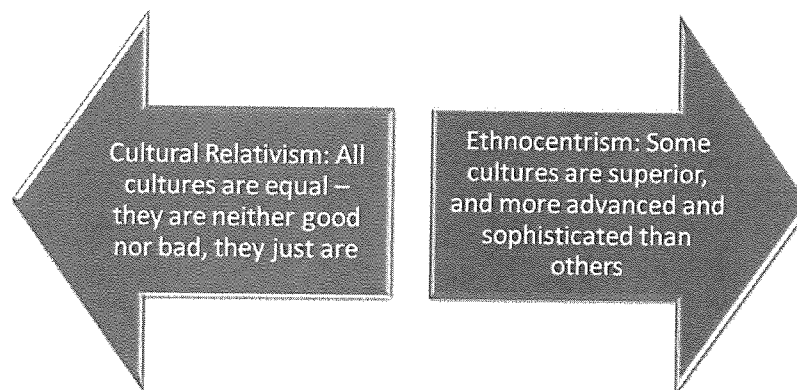
This thesis does not intend to argue the philosophical issues surrounding the intrinsic value of certain cultures, that is, that one culture is or is not better than another culture. For example, at one extreme, cultural relativism argues that all cultures are equal: no single culture is better than another; they are different but equal in value.

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<sup>158</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 352.

As Hofstede writes, “There are no scientific standards for considering the ways of thinking, feeling, and acting of one group as intrinsically superior or inferior to those of another.”<sup>159</sup> And, some argue, it is impossible to make a judgment value on any culture beyond one’s own because a person cannot help but see other cultures through his or her own ethnocentric view.<sup>160</sup> At the other extreme, it is argued that some cultures are more advanced than others, thus making them more sophisticated and even superior. The argument is that they have coalesced and formalized over time and matured legally and socially to a more advanced cultural state.

**Figure 2.5: From Cultural Relativism to Cultural Superiority**



The point this thesis is making is that some cultures may be situationally dysfunctional or unhealthy. Perhaps the cultural type of the organization is not suited to its current context or life cycle, or some of its cultural aspects are not conducive to

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<sup>159</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 25.

<sup>160</sup> French anthropologist Claude Levi-Strauss wrote, “Cultural relativism affirms that one culture has no absolute criteria for judging the activities of another culture as ‘low’ or ‘noble.’ However, every culture can and should apply such judgement to its own activities, because its members are actors as well as observers” (quoted in Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 25, quoting Michel Crozier, *The Bureaucratic Phenomenon* [Chicago: University of Chicago Press, 1964]).

effective, productive, or healthy growth. As Schein writes, “The criterion of what is a right culture is always the pragmatic one of what enables the organization to succeed in its primary task and manage its internal relationships. As the external and internal conditions of an organization change, so will the functionality or ‘rightness’ of given cultural assumptions.”<sup>161</sup>

If, as previously stated, “culture changes because people move around, change, grow, learn, create, adapt, and interact as they solve problems over time,” the logical assumption is that there was a need that led to this change—a practice or cultural norm was not solving the problem in the current context and therefore change was initiated. As Schein states, “A given organization’s culture will be ‘right’ for that organization as long as the organization succeeds in its primary task and can manage its internal relationships. If the organization begins to fail in accomplishing its primary task or if internal relationships break down, this means that some elements of the culture have become dysfunctional and will need to change or the organization may go out of existence.”<sup>162</sup>

This author’s view is that political correctness makes it somehow inappropriate to make judgments of any kind about a group’s or organization’s cultural assumptions, when in fact there are some practices that any culture could best do without. For example, abuse should not be tolerated in any culture or organization. Or, treating people with disrespect will not be conducive to a healthy culture regardless of the situation. Some cultural practices are more effective than others, and ineffective

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<sup>161</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 3260-63.

<sup>162</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 3257-60.

practices lead to dysfunction, reduced efficiency and performance, and less productive relationships. And the effectiveness or ineffectiveness of a particular culture has everything to do with the ways in which that culture has decided to solve its problems together in a given situation.

The authors of “Dysfunctional Culture, Dysfunctional Organization” write that “the dysfunctional organization, much like a dysfunctional individual, is so characterized because it exhibits markedly lower effectiveness, efficiency, and performance than its peers or in comparison to societal standards.”<sup>163</sup> In their study of four government departments that included 60,900 respondents using the Organizational Culture Inventory (OCI)<sup>164</sup> tool, they believe they were able to causally relate functional and dysfunctional cultural attributes to positive and negative organizational performance. They conclude that “certain types of organizational cultures, or certain styles of cultures, have been associated with either positive or negative outcomes for either the effectiveness of the organization or for individual employees within the organization.”<sup>165</sup> And “organizational members may not behave in ways that promote efficiency and effectiveness if doing so is inconsistent with their reference prevailing culture.”<sup>166</sup>

For example, they report that organizations with what they term as a “constructive culture” are positively aligned with

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<sup>163</sup> Pierre A. Balthazard, Robert A. Cooke, and Richard E. Potter, “Dysfunctional Culture, Dysfunctional Organization,” *Journal of Managerial Psychology* 21 (2006): 710.

<sup>164</sup> The OCI is a well-established, researched, and tested organizational culture inventory tool developed by Human Synergistics International. The OCI measures twelve sets of behavioral norms in combination with three culture styles. Developers of this instrument claim that this tool has been used by thousands of organizations and more than two million respondents across the globe since it was first introduced in 1983.

<sup>165</sup> Balthazard, Cooke, and Potter, “Dysfunctional Culture, Dysfunctional Organization,” 711.

<sup>166</sup> Balthazard, Cooke, and Potter, “Dysfunctional Culture, Dysfunctional Organization,” 727.

- role clarity
- quality communications
- “fit” with the organization
- behavioral conformity
- job satisfaction
- trust
- ability to permit, report, and act on problems
- quality products and services
- commitment to customer service
- organizational adaptability
- healthy turnover rates
- quality of workplace

They further report that organizations with what they call “defensive cultures” (both passive and aggressive defensiveness) were negatively aligned with the above performance metrics.<sup>167</sup>

“Constructive cultures” would be defined by achievement, self-actualization, humanistic encouragement, and high affiliation. “Passive defensive cultures” are marked by a need for approval, bureaucracy, dependence on hierarchy, avoidance, failure to reward success, and punishment for failure. And “aggressive defensive cultures” are oppositional in nature, authoritarian, competitive, and perfectionistic.<sup>168</sup> They argue that these cultural attributes represent the underlying causes of either the health or dysfunction of the culture.

While these authors argue (or at least imply) that the “constructive culture” is best for all types of organizations, there are many organizations that embrace other culture types. Some argue that the other cultures, for example “defensive cultures,” must have at least some short-term benefits, or no one would ever adopt them. Perhaps

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<sup>167</sup> Balthazard, Cooke, and Potter, “Dysfunctional Culture, Dysfunctional Organization,” 715-17.

<sup>168</sup> Balthazard, Cooke, and Potter, “Dysfunctional Culture, Dysfunctional Organization,” 718-20.

a “defensive culture” helps to solve problems that a “constructive culture” may not be able to. For example, the high power distance and dependence on hierarchy of a “defensive culture” may mean better performance through fast, nimble decision making where strict obedience to a specific order may be necessary (such as an army during battle).

The challenge with understanding cultural dysfunction is that the symptoms of the dysfunction are more readily noticed than are the causes. There are a number of symptoms reported throughout the literature that indicate a particular culture is unhealthy or dysfunctional:

- Dialogue and disagreement are being stifled by those in authority;
- Conflict is left unaddressed and/or unresolved;
- Respect and trust are low;
- Collaboration is not encouraged between groups;
- Excessive competitiveness is leading to unethical practices;
- Communication is either scant or unclear;
- Poor behavior is tolerated (e.g., a leader may be abusive, disrespectful, too aggressive, too passive, uses fear to motivate);
- Productivity is low and absenteeism is high;
- People are afraid, depressed, unsatisfied, unmotivated, stressed, insecure;
- Paranoid and avoidant thinking are evident;
- Corrupt and unethical decisions and practices take place;
- Unduly perfectionistic behaviors are manifest; and
- People join but do not remain in the group.

Where there is cultural dysfunction, problems are being solved in ways that do not allow the group to move forward together in healthy, productive ways. If culture, as it is defined, is about a group’s sense of what is right and wrong, and then applying culturally acceptable solutions to the problems they face together in order to achieve success, then it only makes sense that dysfunction will stand in the way of the success of the cultural group.

As the authors of “Dysfunctional Culture, Dysfunctional Organization” say, “Dysfunctional behaviors that are counter to the organization’s expressed values or mission hamper efficiency and effectiveness.”<sup>169</sup> So, for example, if a nation sets out to with a goal to ensure “liberty and freedom for all” yet turns a blind eye to slavery, this may be an indicator of cultural dysfunction. Or, if an organization sets aggressive goals for research and development in new product innovation but discourages collaboration and dialogue among business units, the cultural dysfunction will get in the way of progress and ultimate success. Or, if a board of directors says it is considers it important that board and management make decisions through consensus and collegiality, yet in practice they treat management abusively or with disrespect, the dissonance between what the board expects and how it acts will create a culture wherein it is difficult to solve problems together or to reach the desired consensus.

The ultimate downside, then, of cultural dysfunction is that the cultural group will be impeded from accomplishing what it sets out to do together.

### **What Are the Benefits and Marks of a Healthy Culture?**

When we learn to see the world through cultural lenses, all kinds of things begin to make sense that initially were mysterious, frustrating, or seemingly stupid.<sup>170</sup>  
—Edgar Schein

If there can be dysfunctional and unhealthy cultures, it stands to reason that there is such a thing as functional and healthy cultures. It also stands to reason that if

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<sup>169</sup> Balthazard, Cooke, and Potter, “Dysfunctional Culture, Dysfunctional Organization”: 727.

<sup>170</sup> Schein, *Organizational Culture and Leadership*, 13.



there are downsides to an unhealthy culture, there must be some benefit to a healthy culture.

The following is not intended to be a comprehensive analysis or literature review on which of the various possible cultural assumptions would create the healthiest organizational culture. Rather, it is intended to make the point that there is such a thing as functional and healthy culture and striving to create such a culture is beneficial and, at times, necessary for the success of the organization.

Having a healthy culture is often confused with the term “strong culture.” A strong culture refers to the degree of congruence and consistency throughout the organization with mission and vision, and alignment of the individual’s efforts with organizational values. A healthy culture is one which, while it is also strong, has high regard for people and is decidedly productive, efficient, and growing.

For example, in the Congo, rape has been used customarily as a weapon of war. Raping women, who are regarded as property or chattels, is designed to exert power physically and symbolically over opponents by dishonoring the husband, father, family, and ultimately the tribe. The culture therefore may be strong—there is cultural alignment behind the practice of rape during a period of war. However, this culture could not be described as healthy due to its low regard for people.

Schein, in his case study on Jones Foods, writes that they “had a strong culture, but the founder’s own conflicts became embedded in that culture, creating conflict and—ultimately—lack of stability.”<sup>171</sup>

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<sup>171</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 1959-60.

These are just two examples of cultures that may be strong yet not healthy. As Cameron and Quinn write, “The effectiveness of organizations is more closely associated with the type of culture present than with the congruence or the strength of that culture.”<sup>172</sup> Deal and Kennedy remark that “being part of a strong culture that yields superior performance is the best reward available to anyone who works.”<sup>173</sup>

So, what might a healthy organizational culture look like? Leading researchers and scholars on the subject view and study both macro and organizational culture primarily through an anthropological lens of cultural relativism. As a result, few comment on or provide any sort of list of which cultural attributes, when combined together, would definitively create a healthy culture. All of the leading scholars provide significant commentary on how an organization might change its culture (implying needed change from one state to another, more healthy state). In other words, they provide ample guidance on how to change, yet little on what to change to.

However, their examples and case studies do provide insight into some positive cultural aspirations designed to replace those cultural attributes that may have caused dysfunction in an organization’s culture. One example is changing from a culture of fear and blame to one where failures were explored and analyzed for learning and innovation (AMOCO<sup>174</sup>). Another example is changing from a “rules-based” culture with centralized power and authority to one that was more decentralized and allowed more individual freedom to make decisions and choices (Jones Foods<sup>175</sup>).

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<sup>172</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle location 1444.

<sup>173</sup> Deal and Kennedy, *New Corporate Cultures*, Kindle reader, 265.

<sup>174</sup> Schein, *Corporate Culture Survival Guide*, Kindle location 1423.

<sup>175</sup> Schein, *Corporate Culture Survival Guide*, Kindle location 1871.

Hofstede hints at a mechanism for determining what an organization might consider as an optimal culture. By reducing organizational culture to six dimensions it can then measure where it lies on each of the six spectrums, determine where it would like to be, and implement change toward the optimal mix. He falls short of commenting on what might be construed as a healthy mix, stating that “whether the score of a unit on a dimension should be interpreted as good or bad depends entirely on where the people responsible for managing the unit want it to go.”<sup>176</sup> Those six dimensions<sup>177</sup> are

1. Process oriented versus results oriented
2. Employee oriented versus job oriented
3. Parochial versus professional
4. Open system versus closed system
5. Loose versus tight control
6. Normative versus pragmatic

One exception is the Balthazard study cited above. They posit that a healthy culture would exhibit these attributes: role clarity; quality communications; “fit” with the organization; behavioral conformity; job satisfaction; high levels of trust; the ability to permit, report, and act on problems; quality products and services; commitment to customer service; organizational adaptability; healthy turnover rates; and quality of workplace.

Louzes and Posner in *Leadership Challenge* pose a conceptual framework that says success comes from a culture where leadership

1. inspires a shared vision;
2. challenges the process;
3. empowers and enables others to act;
4. encourages the heart by recognizing individual and team accomplishments; and
5. views all employees as leaders in their area of influence

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<sup>176</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 354.

<sup>177</sup> Hofstede, Hofstede, and Minkov, *Cultures and Organizations*, 354.

In *In Search of Excellence*, Peters and Waterman articulate eight basic principles<sup>178</sup> that organizations should embed as cultural norms:

1. A bias for action: a preference for doing something—anything—rather than sending a question through cycles and cycles of analyses and committee reports
2. Staying close to the customer—learning his preferences and catering to them
3. Autonomy and entrepreneurship—breaking the corporation into small companies and encouraging them to think independently and competitively
4. Productivity through people—creating in all employees the awareness that their best efforts are essential and that they will share in the rewards of their company's success
5. Hands-on, value driven—insisting that executives keep in touch with the firm's essential business
6. Stick to the knitting—remaining with the business the company knows best
7. Simple form, lean staff—few administrative layers, few people at the upper levels
8. Simultaneous loose-tight properties—fostering a climate where there is dedication to the central values of the company combined with the tolerance for all employees who accept those values

Schein, the foremost scholar on the subject of organizational culture, has begun to assert that a “learning culture” is preferable; however, this assertion is made not because he believes it is a preferable or “good” cultural model for all time, but because it best suits current situational needs brought on by an uncertain, more complex, fast-paced, and culturally diverse age.<sup>179</sup> He describes a “learning culture”<sup>180</sup> as one where there is commitment to

- Proactivity in learning (more committed to the learning process than to any particular solution to a problem; allowing leaders to depend on others to generate solutions making those solutions more likely to be adopted)
- Learning generally (a shared assumption that learning is a good thing and that learning to learn is itself a skill to be mastered; allowing reflection, experimentation, and innovation)

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<sup>178</sup> Peters and Waterman, *In Search of Excellence*, i.

<sup>179</sup> Schein, *Organizational Culture and Leadership*, 365.

<sup>180</sup> Schein, *Organizational Culture and Leadership*, 366-71.

- Positive assumptions about human nature (to have faith in people and believe that ultimately human nature is basically good and in many cases malleable, and that people can and will learn if they are provided the resources and necessary safety; allowing leaders to loosen control and more freely empower and rely more on their teams, causing knowledge and skill to become more widely distributed in the organization)
- Belief that the environment can be managed (a shared assumption that the environment can be managed to some degree; allowing the organization to adapt more readily to a changing and turbulent environment)
- Truth through pragmatism and inquiry (a shared assumption that solutions to problems derive from a deep belief in inquiry and a pragmatic search for truth, thereby avoiding the automatic assumption that wisdom and truth reside in any one source, method, or individual; allowing for the learning task to become a shared responsibility)
- Positive orientation toward the future (to think far enough ahead to be able to assess the systemic consequences of differing courses of action yet near enough to assess if solutions are working; allowing an organizational orientation that does not live in the past or even in the present, for to do so in such turbulent times would be dysfunctional)
- Full and open task-relevant communication (a shared assumption that communication and information are central to organizational well-being and therefore a multichannel communication system that connects everyone to everyone else is a must; allowing a culture of openness in task-relevant information and a high trust environment)
- Cultural diversity (a shared assumption that cultural diversity is valued, desirable, and necessary for learning and innovation; allowing the organization to better cope with unpredicted events)
- Systemic thinking (a shared assumption that complex, systemic mental models are superior to simple linear causal logic because the world is intrinsically complex, non-linear, interconnected, and “overdetermined” in the sense that most things are multiply caused; allowing complex systemic thinking so that complex problems can be solved)
- Belief that cultural analysis is a valid set of lenses for understanding and improving the world (a shared assumption that analyzing and reflecting on culture is a necessary part of the learning process; allowing for organizational evolution throughout its existence)

Schein writes that cultural assumptions “operate most of the time outside our awareness. As a responsible leader, you must be aware of those assumptions and

manage them—or they will manage you.”<sup>181</sup> Cultural awareness then is the first step to understanding the benefits of a healthy culture, and further, cultural awareness allows the organization to proactively form the optimal cultural model for the situation it finds itself in. Schein’s writings suggest that some benefits of cultural awareness are

- Becoming aware of powerful forces outside of our awareness that are driving our decisions will help us make better decisions and keep us from becoming victim to those unseen forces<sup>182</sup>
- Having the ability to explain some of the frustrations we face that previously could not be understood or explained<sup>183</sup>
- Having a better understanding of ourselves<sup>184</sup>
- Understanding others in a deeper, more respectful way
- Realizing why differences exist and therefore how bridges might be built<sup>185</sup>
- Becoming aware of the breadth of effort required for change<sup>186</sup>
- Essential to effective leadership<sup>187</sup>

In summary, then, on reviewing the relevant literature, a number of themes begin to emerge on what marks a healthy culture, such as proactivity, decentralization and empowerment, learning, cultural awareness, open communications, embracing change, and diversity. These themes are visible throughout all of the literature.

### **What Are the Barriers to Change in Organizational Culture?**

People don’t resist change. They resist being changed.<sup>188</sup>  
—Peter Senge

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<sup>181</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 3239-40.

<sup>182</sup> Schein, *Organizational Culture and Leadership*, 7, 9.

<sup>183</sup> Schein, *Organizational Culture and Leadership*, 9.

<sup>184</sup> Schein, *Organizational Culture and Leadership*, 7.

<sup>185</sup> Schein, *Organizational Culture and Leadership*, 7-8.

<sup>186</sup> Schein, *Organizational Culture and Leadership*, 16.

<sup>187</sup> Schein, *Organizational Culture and Leadership*, 22.

<sup>188</sup> Senge, *Fifth Discipline*, 144. Senge is often quoted as saying this; however, he is quoting an unnamed consultant.

One of the most common statements about change is that it is human nature to resist change. Perhaps it is more accurate to say that people resist the change they are afraid of, do not understand or are unsure about, are not prepared for, or have not been effectively informed of. As Deal and Kennedy write, “Where cultures resist is when long-standing core values or widely accepted rituals or practices are endangered. And they resist such changes because the force of history is behind them: is this proposed change really what's needed to move on?”<sup>189</sup> And, as Shafritz writes, “Culture is hard to change because group members value stability in that it provides meaning and predictability.”<sup>190</sup> While change may not be easy, and cultural change may be particularly difficult, change can and will be enabled when the barriers to change are removed. Removing the barriers reduces the resistance.

This literature review provides an inventory of the main barriers to change in organizational culture, which have been grouped into two main categories, individual and systemic.

### *Individual Reasoning*

#### Fear

Fear is the number one barrier to cultural change in organizations. Trice and Beyer claim that “extreme anxieties and uncertainties accompany any substantial culture change.”<sup>191</sup> And Senge writes, “Change naturally induces fear in us all: fear of the

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<sup>189</sup> Deal and Kennedy, *New Corporate Cultures*, Kindle reader, 35.

<sup>190</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 354.

<sup>191</sup> Trice and Beyer, *Cultures of Work Organizations*, 374.

unknown, of failure, or not being needed in a new order of things.”<sup>192</sup> Yet at the same time, “we both fear and seek change.”<sup>193</sup> News of change can raise both fear and excitement for those being affected. While excited at the prospect, employees may feel afraid of not being able to make the change. For example, perhaps some will begin to question the future of their job, which will cause a great deal of discomfort.

## Loss

Changing culture can bring both real and perceived loss to those affected. Trice and Beyer write that “it is realistic for people to expect that change will bring some losses as well as possible gains. Often the losses are more certain than the gains.”<sup>194</sup>

People are most concerned about the loss of

- Power or position: for example, people may fear hidden agendas among those initiating cultural reform or their place in a hierarchy.
- Control: People tend to resist change that they have not played a part in.
- Relationships: Culture is about shared experience. Through those shared experiences people feel connected to one another, and therefore they identify with the old way. To embrace change when one’s closest colleagues do not risks loss of important relationships.
- Self: Cultural change requires change at a person’s deepest levels. This can cause people to feel as though the proposed change threatens the very notion of self. For example, a fifty-five-year-old businessman who has worked his entire career operating in a high power distance environment but is now being asked to make a cultural shift to a low power distance environment will feel the effects of this at his core.

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<sup>192</sup> Senge, *Fifth Discipline*, 335.

<sup>193</sup> Senge, *Fifth Discipline*, Kindle location 2331.

<sup>194</sup> Trice and Beyer, *Cultures of Work Organizations*, 394.



## Ambiguity

Ambiguity can take two forms. First, it can stand in the way of cultural change for those who are uncomfortable with ambiguity. Generally people need to know and understand what they are changing from, to, and why. Second, it can stand in the way because of a certain comfort with ambiguity. As Trice and Beyer write, “While ambiguities create tensions, they also permit people to interact and get on with their respective tasks without achieving total consensus on all issues. Thus, even ambiguities can be cherished and protected.”<sup>195</sup>

## Unconvinced About the Need to Change

People may be unconvinced that the change is necessary, that it will work, or that it is a good idea. In fact, they may be convinced that it is unnecessary, it will not work, and it is a bad idea. Healthy skepticism is desirable—people want to be sure new ideas are sound. And if not convinced they will perceive the change is not in their best interests. They may also be convinced that any change, cultural or otherwise, can only mean they should anticipate more work. It is because of arguments like this that Schein writes, “Many organizations have learned that the only way to convince employees and managers of the need to do things differently is by educational interventions.”<sup>196</sup> He further writes, “Members of the organization will not internalize new ways of working

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<sup>195</sup> Trice and Beyer, *Cultures of Work Organizations*, 374.

<sup>196</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 1664-65.

or thinking and make them part of the culture unless, over time, the new ways are actually better.”<sup>197</sup> They must be convinced.

## Risk Assessment

The risk of change may be seen as greater than the risk of the status quo. This is directly linked to fear. Taking risks conjures up fear. And as Kennedy and Deal explain, “What does the word ‘fear’ conjure up? It summons images of panic, withdrawal, uncommunicativeness, and ultimately, mistakes. To succeed, people need assurances of trust and security. Creativity and innovation [change] are closely allied with risk-taking. But people take risks only when they feel secure.”<sup>198</sup> Senge gives an example of the effects of perceived risks in the context of building learning-oriented cultures. He says,

Building learning-oriented cultures is hard work in any setting. It takes months and years—indeed, it is a never-ending journey. It is fraught with risks, either of failing to realize true cultural change, or of succeeding in doing so and thus becoming a threat to those who want to keep things as they are. Building learning-oriented cultures is demanding because learning stretches us personally, and it is always easier to stay in our comfort zone.<sup>199</sup>

## Lack of Impetus

There may not be a burning platform,<sup>200</sup> or the change may be seen as too much work or too big of a change to manage or handle, and therefore the impetus required to

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<sup>197</sup> Schein, *Corporate Culture Survival Guide*, Kindle reader, 218.

<sup>198</sup> Deal and Kennedy, *New Corporate Cultures*, Kindle reader, 198.

<sup>199</sup> Senge, *Fifth Discipline*, Kindle locations 4546-49.

<sup>200</sup> Daryl Conner explains the term “burning platform” in *Managing at the Speed of Change*: “At nine-thirty on a July evening in 1988, a disastrous explosion and fire occurred on an oil-drilling platform in the North Sea off the coast of Scotland. One hundred and sixty-six crew members and two rescuers lost their lives in the worst catastrophe in the twenty-five-year history of North Sea oil exploration. One of the sixty-three crew members who survived was a superintendent on the rig, Andy Mochan. His interview

sustain the effort may not be enough. The concept of burning platforms was first articulated by Daryl R. Conner, a management consultant in the field of change management. Conner writes,

An organizational burning platform exists when maintaining the status quo becomes prohibitively expensive. Major change is always costly, but when the present course of action is even more expensive, a burning-platform situation erupts. The key characteristic that distinguishes a decision made in a burning-platform situation from all other decisions is not the degree of reason or emotion involved, but the level of resolve. When an organization is on a burning platform, the decision to make a major change is not just a good idea—it is a business imperative.<sup>201</sup>

Burning platforms are about having the commitment and courage to overcome our fears and with the jump from the platform into an unknown future. The application for overcoming the barriers to change is that the impetus must be significant and felt. Moving people to change core cultural tenets when there is no felt need to do so will not provide the requisite impetus.

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helped me find a way to describe the resolve that winners manifest. From his hospital bed, he told of being awakened by the explosion and alarms. He said that he ran from his quarters to the platform edge and jumped fifteen stories from the platform to the water. Because of the water's temperature, he knew that he could live a maximum of only twenty minutes if he were not rescued. Also, oil had surfaced and ignited. Yet Andy jumped 150 feet in the middle of the night into an ocean of burning oil and debris. When asked why he took that potentially fatal leap, he did not hesitate. He said, 'It was either jump or fry.' He chose possible death over certain death. Consider this: He didn't jump because he felt confident that he would survive. He didn't jump because it seemed like a good idea. He didn't jump because he thought it would be intellectually intriguing. He didn't jump because it was a personal growth experience. He jumped because he had no choice—the price of staying on the platform, of maintaining the status quo, was too high."

Daryl R. Conner, *Managing at the Speed of Change: How Resilient Managers Succeed and Prosper Where Others Fail* (New York: Random House Publishing Group, 2006), Kindle locations 1346-60.

<sup>201</sup> Conner, *Managing at the Speed of Change*, Kindle locations 1362-66.

## *Systemic Reasoning*

### Resource Allocation

Lack of resources or inappropriate resource allocation is often a credible reason for not changing. When one is expected to accomplish a given task in a new way and yet is not provided with the resources to accomplish that task, it should not be a surprise when change does not happen. These resources could be financial, human, or technological. For example, Cameron and Quinn espouse that in order to support success of a given project or endeavor, the organization must “determine specific measures of success for the tasks. Give them the highest priority and allocate the best talent [human resources] to them.”<sup>202</sup>

### Structural Support

Ineffective structure can be a barrier to change. Structural support means those processes and systems that are core to the organization (e.g., organizational chart, performance management systems, policies, procedures and processes, delegations of authority, clarity on expected roles and responsibilities). Cameron and Quinn write, “For change to last, it must be reflected in the core processes in which the organization is engaged.”<sup>203</sup> For example, if the organization is attempting build a culture of trust and high empowerment, the organizational structure must be designed in such a way as to support these goals. And, Conner writes,

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<sup>202</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 3491-92.

<sup>203</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 1665-66.

People who see change as a mysterious event that lacks structure and a predictable sequence needlessly waste time and energy being confused by reactions that are really quite common during transitions. For example, struggling to suppress the fears generated by ambiguity runs counter to this natural part of the change process; fighting against these fears consumes resources that could otherwise be used to assimilate the change. You will be much more effective if you approach change as a manageable process with definite structures and outcomes that can be reliably anticipated.<sup>204</sup>

## Communications

Insufficient or unclear communications is another systemic reason often cited for getting in the way of changes in culture or otherwise. People need to know what is expected of them. And they need inclusion and clarity. As Schein claims, “The leader must stimulate open communication around the tasks to be performed and the leader must create a climate in which his or her authority is not a barrier to communication.”

<sup>205</sup> He writes,

you may espouse the value of “open communication” and “open-door policies” with respect to bosses, yet you may find that whistle-blowers and employees who bring bad news are punished. You may have detected, among your artifacts, that employees are not supposed to mention problems unless they have a solution in mind. These inconsistencies tell you that, at the level of shared tacit assumptions, your culture may really be closed, that only positive communications are valued, and that if you cannot come up with a solution to the problem you are bringing up, you should keep your mouth shut.<sup>206</sup>

## Leadership

Deal and Kennedy claim that “leadership is the key to building strong cultures.”<sup>207</sup> It stands to reason, then, that when there is a lack of or poor leadership

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<sup>204</sup> Conner, *Managing at the Speed of Change*, Kindle locations 935-39.

<sup>205</sup> Schein, *Corporate Culture Survival Guide*, Kindle reader, 202.

<sup>206</sup> Schein, *Corporate Culture Survival Guide*, Kindle reader, 85.

<sup>207</sup> Deal and Kennedy, *New Corporate Cultures*, Kindle reader, 38.

and the wrong leader for the culture, this can create an impediment for change within the system.

### Mentoring and Coaching

Some people need to “see” what an anticipated change will look like. Cameron and Quinn write that “since it is difficult to identify or to describe an organization’s culture (not to mention trying to engage in culture change), having a comprehensible picture of a culture makes it easier to systematically implement change in a consistent, coherent, and consensual way.”<sup>208</sup> Mentoring and coaching through the change help people to see the change. As Cameron and Quinn write, “The role of mentors is to help ensure acculturation, monitor and facilitate improvement, and help remove obstacles to success.”<sup>209</sup> People need role models for the new activity.

### Training

People may lack the competence to make the changes expected of them. This lack could be either real or perceived. As a result, people are not appropriately prepared for new roles or behaviors. Schein states that “if the new way of working requires new knowledge and skill, members must be provided with the necessary formal and informal training.”<sup>210</sup>

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75. <sup>208</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 1273-

<sup>209</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle location 3466.

<sup>210</sup> Schein, *Organizational Culture and Leadership*, 306.

## Alignment

There may not be line of sight from the cultural change goals and objectives to the job people do every day. As Senge writes,

When a team becomes more aligned, a commonality of direction emerges, and individuals' energies harmonize. There is less wasted energy. In fact, a resonance or synergy develops, like the "coherent" light of a laser rather than the incoherent and scattered light of a light bulb. There is commonality of purpose, a shared vision, and understanding of how to complement one another's efforts. Individuals do not sacrifice their personal interests to the larger team vision; rather, the shared vision becomes an extension of their personal visions.<sup>211</sup>

Said another way, "culture changes one person at a time, and that process begins with getting everyone in the culture aligned."<sup>212</sup>

## Subcultures

Subcultures often exist within the larger culture. These subcultures may become entrenched or defensive and therefore unwilling to support the larger whole. Trice and Beyer explain that "the culturally ethnocentric views of various occupational groups can undermine change efforts that originate outside their groups. Members of occupational groups frequently feel they know best."<sup>213</sup>

As Schein puts it, "For change to occur, survival anxiety must be greater than learning anxiety, but just increasing survival anxiety does not work as long as learning anxiety is high because the disconfirming data can be denied, ignored, or rationalized

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<sup>211</sup> Senge, *Fifth Discipline*, Kindle locations 3624-28.

<sup>212</sup> Roger Connors and Tom Smith, *Change the Culture, Change the Game* (New York: Penguin Group, 2011), 41.

<sup>213</sup> Trice and Beyer, *Cultures of Work Organizations*, 185.

away. Instead, the way to produce change is to lower learning anxiety through creating psychological safety for the learner.”<sup>214</sup> Overcoming the barriers to cultural change requires understanding of the individual and systemic reasoning behind those barriers and implementing strategies to overcome those barriers whether real or perceived. As Schein espouses, “Psychological safety is produced by providing a clear, nonnegotiable credible vision of the future, clear targets of what the new behavior is to be, opportunities for the involvement of the learner in the process of learning, adequate training, resources in time and money for new learning, and structural supports in the way of congruent reward, control, and discipline systems.”<sup>215</sup>

This leads to the question, “How does organizational culture change?”

### **How Does Organizational Culture Change?**

The only thing constant is change.  
—Heraclitus, Greek philosopher

Any cultural change creates resisters—people who have a vested interest in maintaining the status quo.<sup>216</sup>  
—Terrence E. Deal and Allan A. Kennedy

Understanding culture is one thing. Changing it is quite another. Cultural change requires change at the heart or core, whether the culture is macro, organizational, sub, or micro.

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<sup>214</sup> Schein, *Corporate Culture Survival Guide*, Kindle reader, 221.

<sup>215</sup> Schein, *Corporate Culture Survival Guide*, Kindle reader, 221.

<sup>216</sup> Deal and Kennedy, *New Corporate Cultures*, Kindle reader, 183.



All of the thought leaders in the field of organizational culture change believe cultural change can happen. There is also broad agreement that it takes hard work, committed and capable leadership, and a deep understanding of the basic underlying assumptions and cultural norms that are at play. Too, there is broad agreement that the group will need shared experience in the aspect of culture requiring change in order for real change to take root. As Schein writes, “Until the group has taken some joint action and together observed the outcome of that action, there is not as yet a shared basis for determining whether what the leader wants will turn out to be valid.”<sup>217</sup>

Morgan recognizes that cultural change is not an easy task. Culture is usually quite deeply rooted in an organization and is often formed by people and events long past or operational and financial systems that seemingly constrain rather than empower. Daily routines, built over time, also are of significance in understanding cultural norms. It is in those routines that one is able to notice how things really function and how deeply rooted certain practices are.

Schein writes that “many organizations have learned that the only way to convince employees and managers of the need to do things differently is by “educational interventions.”<sup>218</sup> Also, “change programs therefore often have to begin with educational efforts, which may take time and energy. Such programs do not disconfirm directly by challenging existing views but, rather, seduce the change targets by providing new and stimulating information that subtly challenges existing views.”<sup>219</sup>

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<sup>217</sup> Schein, *Organizational Culture and Leadership*, 25.

<sup>218</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 1664-65.

<sup>219</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 1669-71.

The very definition of culture is built on

- Right and wrong: What forms people's sense of what is right and wrong (correct ways of thinking, feeling, believing, acting);
- Shared experience: Those things that are right and wrong can be shared and learned and must be taught to newcomers for their use; and
- Problem solving: There is general group consensus that those right and wrong thoughts, feelings, beliefs, and actions will solve the problems of the organization and lead it into future success inside and outside the organization.

It stands to reason then that the way in which culture might be changed is through having the group come together and share experiences designed to find ways to solve the problems faced by the organization.

It also stands to reason that to make determined change, leaders must have a clear understanding of the existing culture of the organization, a vision for its future, and a proactive plan for moving the organization from the past, through the present, and into the envisioned future. Cultural change links back to what is referred to as the cultural difference proposition. The argument is that "by being different with respect to some behaviors, leaders introduce more changes of the kind required for innovation and performance improvement."<sup>220</sup>

This may begin with creating a shared vision. Vision is truly shared when there is a similar view of the future that the majority is committed to. As Senge writes, "When people truly share a vision they are connected, bound together by a common aspiration. Personal visions derive their power from an individual's deep caring for the vision. Shared visions derive their power from a common caring. In fact, we have to come to

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<sup>220</sup> House et al., *Culture, Leadership, and Organizations*, 65.

believe that one of the reasons people seek to build shared visions is their desire to be connected in an important undertaking.”<sup>221</sup>

Cameron and Quinn advocate when approaching diagnosing and changing organizational culture that the approach should offers these six advantages:<sup>222</sup>

1. It must be practical, capturing key dimensions of culture that have been found to make a difference in organizations’ success.
2. It must be efficient. The process of diagnosing and creating a strategy for change can be accomplished in a reasonable amount of time if it is efficient.
3. It must involve as many as needful and possible. The steps in the process can include every member of the organization, but they especially involve all who have a responsibility to establish direction, reinforce values, and guide fundamental change.
4. It must be both quantitative and qualitative. Any process should rely on quantitative measurement of key cultural dimensions as well as qualitative methods, including stories, incidents, and symbols that represent the immeasurable ambience of the organization.
5. It must be manageable. The process of diagnosis and change can be undertaken and implemented by a team within the organization—usually the management team. Outside diagnosticians, culture experts, or change consultants are not required for successful implementation as long as the process is manageable.
6. It must be valid. The framework on which the process is built not only should make sense to people as they consider their own organization but also should be supported by extensive empirical literature and underlying dimensions that have a verified scholarly foundation.

They “do not claim that ours is the single best approach, but we do consider it a critically important strategy in an organization’s repertoire for changing culture and improving performance.”<sup>223</sup>

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<sup>221</sup> Senge, *Fifth Discipline*, Kindle locations 3186-90.

12. <sup>222</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 311-

601. <sup>223</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 584-

Morgan believes there are four strengths to his metaphor of the organization as culture which provide implications for cultural change and transformation.

**Table 2.12: The Strength of Morgan's Culture Metaphor<sup>224</sup>**

<b>Strength of Morgan's Metaphor of the Organization as Culture</b>
1. It directs attention to the symbolic significance of almost every aspect of organizational life.
2. It shows how organization ultimately rests in shared systems of meaning, hence in the actions and interpretive schemes that create and re-create that meaning.
3. It encourages observers to recognize that the relations between an organization and its environment are also socially constructed.
4. It makes a substantive contribution to the understanding of organization change.

Morgan contends that these four strengths together begin to provide a blueprint for organizational transformation. Change may be slow and difficult but will come with a significant amount of reframing core assumptions.

This author has long contended that to change the culture one must change the people. At times this may mean working to reframe cultural images in the minds and hearts of the people, thereby bringing real change to individuals and therefore to the organization. At other times it may mean replacing individuals. This contention is held up by Morgan, who writes, "Since organization ultimately resides in the heads of the people involved, effective organizational change always implies cultural change.

Changes in technology, rules, systems, procedures, and policies are just not enough."<sup>225</sup>

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<sup>224</sup> Morgan, *Images of Organization*, 141-45.

<sup>225</sup> Morgan, *Images of Organization*, 145.

Cameron and Quinn believe that “changing culture is a difficult and long-term effort. It will be necessary, over time, to address almost every aspect of the organization to ensure that it is aligned and reinforces the preferred culture.”<sup>226</sup> They go on to say:

Changing an organization’s culture is a very difficult endeavor. It requires a great deal of commitment and dedication on the part of the management team to make it work. This sort of commitment and dedication is needed mainly when a mismatch exists between the organization’s own performance and the requirements of customers, the environment, or standards of excellence. It also is required when the organization’s leaders hold a vision of the future that requires a shift in the organization’s direction. Under such circumstances, commitment to a cultural change process is crucial to the future success of the organization.<sup>227</sup>

One way to remember the various aspects of the organization that need to be considered is to use a variation on the McKinsey 7-S model introduced by Waterman, Peters, and Phillips: recognize that successful culture change may require a change in structure (the organization’s architecture), symbols (the images that reinforce culture), systems (such as the production system, appraisal system, selection system, and quality system), staff (the selection and development of human resources), strategy (behavioral manifestations of the organization’s vision), style of leaders (the attitudes and examples set by top leaders), and skills of managers (the competencies of individuals who must carry out the change processes).<sup>228</sup> Cameron and Quinn claim that “alignment of these factors will be an important part of successful culture change.”<sup>229</sup>

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62. <sup>226</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 961-

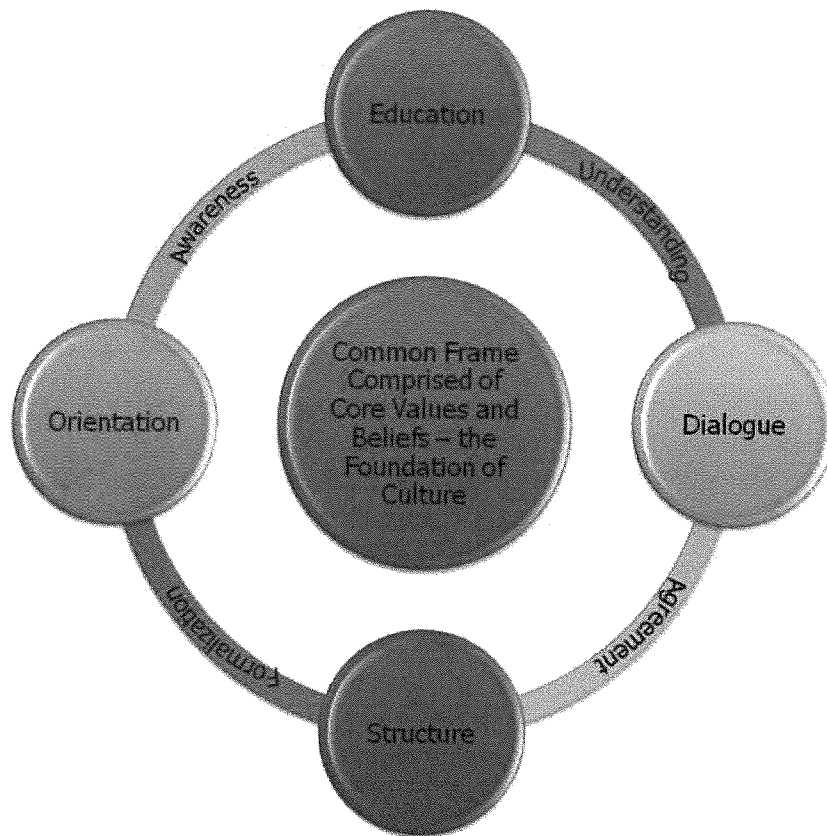
43. <sup>227</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 1340-

<sup>228</sup> Peters and Waterman, *In Search of Excellence*, Kindle locations 351-53.

12. <sup>229</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 1806-

This author has combined the thinking of various authors into the following model for cultural change (see figure 2.6).

**Figure 2.6: A Model for Cultural Change**



Changing culture requires people to examine the foundational culture through research. This entails examining shared assumptions, espoused beliefs and values, and existing cultural norms and symbols—those that are congruent with underlying assumptions that guide performance; those that are part of the ideology and philosophy of the organization; and those that are rationalizations or only aspirations for the future. As Schein writes, “If you gain insight into what your shared assumptions are and why you hold on to them, there is a better chance of evaluating them to determine how

functional they continue to be as the environment around you changes.”<sup>230</sup> This includes studying elements of what new members are taught to see what gets passed on (these will only be surface aspects).

Change also means knowing the organization’s history, current reality, and where its future lies. This requires being an observer of interactions, emotions, symbols, silence (what is not there), space, and time.

One must also recognize that culture is a complex concept that must be analyzed at every level before it can be understood:

The biggest risk in working with culture is to oversimplify it and miss several basic facets that matter: 1. Culture is deep: it cannot be manipulated at will; 2. Culture is broad. Beliefs and assumptions form about daily life, how to get along with the boss, what kind of attitude one should have toward customers, the nature of one’s career in the organization, what it takes to get ahead, what the sacred cows are, and so on; 3. Culture is stable. The members of a group want to hold on to their cultural assumptions because culture provides meaning and makes life predictable. Humans do not like chaotic, unpredictable situations and work hard to stabilize and “normalize” them.<sup>231</sup>

It is further necessary to build understanding of a preferred cultural future through education, coaching, and mentoring. This includes giving people something common to focus on (a shared vision of the future) and understanding who needs to be communicated with and in what way, and then communicating thoughtfully and strategically. In *A Time to Speak*, a briefing by published by The Conference Board of Canada, one reads that “any organization can capitalize on its communications opportunities by mastering the six R’s of communications—have the right source

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<sup>230</sup> Schein, *Corporate Culture Survival Guide*, Kindle reader, 134.

<sup>231</sup> Schein, *Corporate Culture Survival Guide*, Kindle reader, 34-36.

provide the right information, to the right audience, at the right time, in the right place, using the right dissemination method.”<sup>232</sup>

Creating cultural agreement through consistent leadership, group dialogue, and constant communication is another component of change. It is important to have the leader adapt his or her style to meet the needs of the group. Cameron and Quinn write that cultural change requires a diagnosis of the stage of development of the team. They say that “in different stages, different leadership roles are most effective (for example, more direction is needed in early stages, more delegation in later stages).”<sup>233</sup>

Another way to create cultural agreement is to involve broader groups in order to reduce ambiguity and get better implementation of decisions. Cultural change requires building confidence in the change and moving the group along the journey together. Schein posits that “if you think of culture as a mechanism for making the world meaningful and predictable, for avoiding the anxiety that comes with unpredictability and meaninglessness, you can help members of the organization by making explicit the major cultural themes and elements.”<sup>234</sup>

Yet other ways to foster cultural agreement are to provide good examples, role models, and best practices as exemplars in order to sell an idea as well as to paint a picture of the idea for people, providing coaches and mentors along the way.

Changing culture further means formalizing cultural norms and expectations through process and structure. Formalizing decisions, agreements, processes, policies,

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<sup>232</sup> Brown and Brown, *A Time to Speak*, 6.

<sup>233</sup> Cameron and Quinn, *Diagnosing and Changing Organizational Culture*, Kindle locations 1801-2.

<sup>234</sup> Schein, *Corporate Culture Survival Guide*, Kindle reader, 134.



and structural supports stabilizes the culture, helping the organization to stay the course over time as together understanding is built around the culture of the past, the current culture, and the desired future culture. As Schein claims, “Culture change is therefore more a matter of evolving and reinforcing cultural elements.”<sup>235</sup>

Finally, culture change involves creating cultural awareness through formal orientation for new members. Creating formal orientation programs for new members of a cultural group will build necessary awareness of expectations, values, norms, and symbols. As Schein writes, in this way “the organization makes its culture explicit, integrates it as much as possible, and teaches it firmly to newcomers (or selects them for reasons of initial compatibility).”<sup>236</sup>

The above elements are primarily internal mechanisms for creating and embedding culture. However, there are external drivers that interact with and provide catalysts to serve these same purposes. Context is king and has a tremendous impact on culture. The felt need provided by a legitimate burning platform provides the requisite impetus to engage in the hard work of cultural transformation.

This concludes the brief literature review of the foundational sources on culture and transforming organization culture. The following moves to a literature review on the topic of governance.

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<sup>235</sup> Schein, *Corporate Culture Survival Guide*, Kindle locations 407-8.

<sup>236</sup> Schein, *Corporate Culture Survival Guide*, Kindle reader, 132.

## Defining Governance<sup>237</sup>

The second half of the literature review focuses on governance, beginning by defining what is meant by governance generally and by organizational governance in particular, its purpose and relationship with both leadership and culture. Governance models and typology are reviewed in three main epochs: classical Greek writings and typology of governing, ecclesiastical polity (church governance), and much more recently corporate (organizational) governance, which has been richly informed by the roots of both classical and ecclesiastical governance. The underlying dimensions and principles of governance are identified and compared. This foundational review then poses questions of transformational governance: whether there is an optimal power structure and whether and how governance may be used to transform dysfunctional organizations to functional ones, as well as barriers to change and tools for transformation. Initial answers are posited for these questions through the lens of overarching principles, to be further developed, understood, and assessed in the theological review chapter and then applied and tested in the case study research.

The word “governance” was first used in English in the mid-fourteenth century and derives from the French *gouvernance*, meaning “government; exercise of authority; control; a method or system of government or management.” These in turn have their

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<sup>237</sup> This section entitled Defining Governance is not intended to be an exhaustive review of the subject of broad governance from a macro to micro scale. Rather, it is intended as an overview of the meaning and central attributes of governance for the purpose of setting the stage to explore organizational governance in particular.

root in the Latin *gubernatio*, which itself is derived from the Greek κυβερνάω (*kybernao*).<sup>238</sup>

These root words have as their original meaning “to steer,” used as a nautical term for pilotage of a boat (e.g., Homer in *the Odyssey*, Plato, and Aristophanes). In later use, both words were applied to “direction and control” in general, and more particularly to government or management (e.g., Plato, Pindar, Xenophon, and Antiphon.)<sup>239</sup>

Similarly, “government” has been defined as “the political direction and control exercised over the actions of the members, citizens, or inhabitants of communities, societies, and states; direction of the affairs of a state, community, etc.”<sup>240</sup> And “governor” has been defined as “a person charged with the direction or control of an institution, society, etc.”<sup>241</sup>

The contemporary meaning of “governance” has shifted over the years. About a century after the introduction of “governance” across the Channel to England, “government” began to be used. Strictly speaking, “governance” was intended to convey the “act of governing” and “government,” “the system by which people are governed,” but in time “government” almost entirely displaced the older word, “governance.”<sup>242</sup>

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<sup>238</sup> Random House Webster’s College Dictionary, s.v. “governance” (New York: Random House, 1992), 578.

<sup>239</sup> Henry George Liddell and Robert Scott, *A Greek-English Lexicon*, revised and augmented throughout by Sir Henry Stuart Jones with the assistance of Roderick McKenzie (Oxford: Clarendon Press, 1940), accessed at <http://www.perseus.tufts.edu>.

<sup>240</sup> Random House Webster’s College Dictionary, s.v. “government,” 578.

<sup>241</sup> Random House Webster’s College Dictionary, s.v. “governor,” 578.

<sup>242</sup> Random House Webster’s College Dictionary, s.v. “governance,” 578.

In more recent times, however, “governance” has made a resurgence, with the distinction between the two words typically being that “governance” is broader, dealing with “the system of direction and control” of any social system, group, or entity (including the firm).<sup>243</sup> “Government” is a subset or form of governance, dealing with the governance of a polity, such as a state or community.<sup>244</sup> As Bevir writes,

Governance refers to all processes of governing, whether undertaken by a government, market, or network; whether over a family, tribe, corporation, or territory; and whether by laws, norms, power, or language. Governance is a broader term than government because it focuses not only on the state and its institutions but also on the creation of rule and order in social practices.<sup>245</sup>

As with many terms used in social science and philosophy, “governance” has also taken on newer, narrower derivative meanings with the passage of time. In particular, in the public sector and in public administration, “governance” is often contemporarily used to mean a more modern, reformed, and improved method of government, an open, inclusive and transparent accountability. As Rhodes, quoted in Al-Habil, says, “Governance signifies a change in the meaning of government, a new process of governing, a changed condition of the ordered rule or a new method by which society is governed.” Rhodes even defines “governance” as “government without government.”<sup>246</sup>

Al-Habil continues, “Bingham et al. (2005) contend that the new watchword in public affairs of the new millennium is governance. Identified by horizontal networks or

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<sup>243</sup> Sir Adrian Cadbury, *The Financial Aspects of Corporate Governance*, Report of the Committee on the Financial Aspects of Corporate Governance with Code of Best Practice (London: Gee Publishing, 1992), 14.

<sup>244</sup> Random House Webster’s College Dictionary, s.v. “government,” 578.

<sup>245</sup> Mark Bevir, *A Theory of Governance* (Berkeley: University of California Press, 2013), 14.

<sup>246</sup> Wasim Al-Habil, “Governance and Government in Public Administration,” *Journal of Public Administration and Policy Research* 3, no. 5 (May 2011), 123.

public, private, and nonprofit organizations as the new structures opposed to the hierarchical organizational decision making structures of old.”<sup>247</sup>

From the perspective of this research, “governance” refers to the neutral, broader concept of a system of direction and control of a social group or entity, and not to newer, narrower concepts which are in fact types or models of governance; in the Al-Habil example above, two different governance models are being contrasted, with one framed by the author as new “governance.” Using the broad concept of a system of direction and control, “governance” exists, and indeed is needed, at almost all levels imaginable.

At a macro level, “global governance” is an increasingly popular term generally referring to the direction and control of global institutions, such as global financial institutions (the World Bank, the International Monetary Fund [IMF], and related institutions), global judicial institutions (the International Criminal Court and related institutions), and global health institutions (the World Health Organization [WHO] and related institutions). WHO describes it this way:

Global governance refers to the way in which global affairs are managed. As there is no global government, global governance typically involves a range of actors including states, as well as regional and international organizations. However, a single organization may nominally be given the lead role on an issue, for example the World Trade Organization in world trade affairs. Thus global governance is thought to be an international process of consensus-forming which generates guidelines and agreements that affect national governments and international corporations.<sup>248</sup>

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<sup>247</sup> Al-Habil, “Governance and Government in Public Administration,” 123.

<sup>248</sup> World Health Organization, “Global Governance,” n.d., accessed August 12, 2013, <http://www.who.int/trade/glossary/story038/en/index.html>.

At the opposite end of the spectrum at a micro level, in engineering, for example, “governor” is a commonly used word to describe a device that automatically maintains the speed of an engine within reasonably close limits regardless of the load.<sup>249</sup>

For the purposes of this research, the focus will largely be on the level of the organization or entity. Having said that, each level of governance is to some extent derived from, influenced by, and constrained by higher scale levels of governance and in turn derives, influences, and constrains lower-scale levels of governance. Therefore, while this research concentrates on using governance as a tool to transform organizational culture, it will touch at times on higher (e.g., state governance) and lower (e.g., divisional or departmental governance) levels.

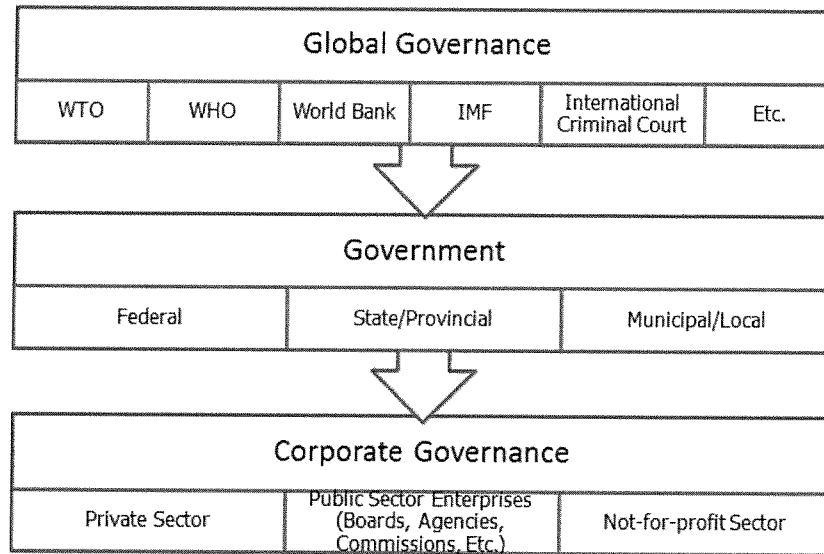
Organizational or entity governance has come to be known as “corporate governance” since the widespread transnational adoption of corporate governance reforms articulated and championed by Adrian Cadbury in 1992.<sup>250</sup>

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<sup>249</sup> *The New Encyclopedia Britannica*, s.v. “governor,” 15th ed., 32 vols. (Chicago: Encyclopedia Britannica, 1997), 5:394.

<sup>250</sup> Cadbury, *Financial Aspects of Corporate Governance*, 14.

**Figure 2.7: From Macro to Micro Governance**



Cadbury is the person who defined “corporate governance” as “the system by which companies are directed and controlled.”<sup>251</sup> This simple, concise definition builds on earlier broad generic concepts of governance and government. Over the years since, this definition and concept of corporate governance has come to apply to the governance of almost any form of social organization: for-profit corporations, not-for-profit organizations, Crown and state enterprises, churches and denominations, universities and colleges, co-operatives, associations, societies, and clubs. Corporate governance applies to all forms of corporations, and many other legal forms of organization as well.

<sup>251</sup> Cadbury, *Financial Aspects of Corporate Governance*, 14.

While Cadbury's definition is the simplest and most widely cited today, there are other leading authoritative definitions of corporate governance, which are listed below in chronological order with Cadbury's to put them into temporal context:

1. Cadbury (1992): "Corporate governance is the system by which companies are directed and controlled."<sup>252</sup> This is the most cited definition of corporate governance, including, for example, by the Financial Reporting Council (FRC) and Tolley's Corporate Governance Handbook in the United Kingdom,<sup>253</sup> and by the World Bank and International Finance Corporation's Global Corporate Governance Forum, the leading global initiative to educate board members and management in corporate governance, especially in the developing world.<sup>254</sup> It is also the definition that the author uses in frameworks created for national programs like The Directors College and the Conference Board of Canada.
2. Carver and Carver (1996): "Modern governance . . . [is] authority and accountability . . . finely crafted policy-making . . . by boards on behalf of owners."<sup>255</sup>
3. Monks and Minow (2001): "Corporate governance is the relationship among various participants in determining the direction and performance of corporations. The primary participants are the shareholders, management (led by the chief executive officer), and the board of directors."<sup>256</sup>
4. Japan Corporate Governance Forum (2001): "Corporate governance is a scheme for ensuring that the executive managers, who have been placed in charge of the company, fulfill their duties. The building of a logical and efficient corporate governance system is one of the main responsibilities of the shareholders."<sup>257</sup>
5. King Committee, South Africa (2002): "Corporate governance is concerned with holding the balance between economic and social goals and between

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<sup>252</sup> Cadbury, *Financial Aspects of Corporate Governance*, 14.

<sup>253</sup> Financial Reporting Council, *The UK Corporate Governance Code*, Governance Guidelines (London: Financial Reporting Council, 2010), 1; Andrew Chambers, *Tolley's Corporate Governance Handbook* (London: Tolley, 2002), 4.

<sup>254</sup> Global Corporate Governance Forum of the World Bank and IFC, "Corporate Governance," accessed January 22, 2014, [http://www.gcgf.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Global+Corporate+Governance+Forum/Frequently+Asked+Questions/](http://www.gcgf.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Global+Corporate+Governance+Forum/Frequently+Asked+Questions/).

<sup>255</sup> John Carver and Miriam Mayhew Carver, *Basic Principles of Policy Governance* (San Francisco: Jossey-Bass, 1996), excerpted from 1-2.

<sup>256</sup> Robert A. Monks and Nell Minow, *Corporate Governance*, 2nd ed. (Malden, MA: Blackwell, 2001), 1.

<sup>257</sup> Japan Corporate Governance Forum, "Revised Corporate Governance Principles," 2001, 9, accessed January 22, 2014, [http://www.ecgi.org/codes/documents/revised\\_corporate\\_governance\\_principles.pdf](http://www.ecgi.org/codes/documents/revised_corporate_governance_principles.pdf).



individual and communal goals . . . the aim is to align as nearly as possible the interests of individuals, corporations and society.”<sup>258</sup>

6. Organization for Economic Co-operation and Development (OECD) (2004): “Corporate governance involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.”<sup>259</sup>

Each of these concepts and ideas—steering and guiding, direction and control, ordered rule, horizontal networks versus hierarchical decision-making structures, collaborative consensus forming, even maintaining measurable outcomes within preset desired tolerances—forms an element of the meaning of governance and will be applied in the sections following.

**Table 2.13: Comparison of the Key Elements Articulated in the Definitions of Corporate Governance**

<b>Key Aspect of Cadbury Definition (1992)</b>	<b><i>Corporate Governance Is the System</i></b>	<b><i>By Which Companies</i></b>	<b><i>Are Directed</i></b>	<b><i>And Controlled</i></b>
Carver and Carver (1996)	Modern governance is finely crafted policy making	by boards on behalf of owners	in authority and	accountability
Monks and Minow (2001)	Corporate governance is the relationship among various participants.	The primary participants are the shareholders, management (led by the	in determining the direction and	performance of corporations

<sup>258</sup> King Committee on Corporate Governance, *King II Report Summary* (South Africa: Institute of Corporate Directors, 2002), 6; interestingly, here King uses Cadbury’s description of corporate governance in Cadbury’s 1999 Corporate Governance Review for the World Bank.

<sup>259</sup> Organization for Economic Co-operation and Development, *OECD Principles of Corporate Governance* (Paris: OECD Publications Service, 2004), 11.

		chief executive officer), and the board of directors.		
Japan Corporate Governance Forum (2001)	The building of a logical and efficient corporate governance system is one of the main responsibilities of the shareholders.	Corporate governance is a scheme for ensuring that the executive managers, who have been placed in charge of the company,	fulfill their duties.	fulfill their duties.
King Committee (2002)	Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals.	The aim is to align as nearly as possible the interests of individuals, corporations, and society.		
OECD (2004)	Corporate governance also provides the structure.	Corporate governance involves a set of relationships between a company's management, its board, its shareholders, and other stakeholders.	through which the objectives of the company are set.	and the means of attaining those objectives and monitoring performance are determined.

For the purposes of this thesis the Cadbury definition will be used as the authoritative one. It is the clearest and the most cited, copied, and foundational of all of the leading modern definitions.

## Describing Governance

### **What Is the Purpose of Governance?**

At its most basic level, government and governance exist to bring social order—a sense of direction and confidence—to a system or group that would otherwise be in chaos. Aristotle in particular argues that the purpose of any government must be to act for the good of the community, what modern literature would call the public interest or public good.<sup>260</sup> In fact, Aristotle differentiated types of polity based on whether “government is unselfish, because it pursues a moral purpose [‘normal’], and the ‘perversion,’ in which the government is corrupt, because it fails to pursue such an aim.”<sup>261</sup>

Similarly, Calvin’s purpose of secular government is “to benefit, sustain and protect the people.”<sup>262</sup>

Cadbury’s successor, the FRC, brought this purpose into a market economy paradigm: “The purpose of corporate governance is to facilitate effective

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<sup>260</sup> G. E. R. Lloyd, *Aristotle: The Growth and Structure of His Thought* (Cambridge: Cambridge University Press, 1968), 267.

<sup>261</sup> Lloyd, *Aristotle*, 254; Sir Ernest Barker, *The Political Thought of Plato and Aristotle* (New York: Dover, 1959), 311, based on Aristotle’s *Politics*.

<sup>262</sup> Debra L. Brown, “Church Governance” (MDiv NT5305 Report, Ottawa, 2005), 4, based on Alister E. McGrath, *Reformation Thought: An Introduction* (Malden, MA: Blackwell, 2003), 20.

entrepreneurial and prudent management that can deliver the long-term success of the company.”<sup>263</sup>

The OECD shares this view: “Increasingly, the OECD and its member governments have recognised the synergy between macroeconomic and structural policies in achieving fundamental policy goals. Corporate governance is one key element in improving economic efficiency and growth as well as enhancing investor confidence.”<sup>264</sup>

Canada’s Joint Committee on Corporate Governance concurs: “The objective of good governance is to promote strong, viable and competitive corporations. Boards of directors are stewards of the corporation’s assets and their behaviour should be focused on adding value to those assets by working with management to build a successful corporation and enhance shareholder value.”<sup>265</sup>

Ira Millstein, an acknowledged corporate governance thought leader in the United States, points out that Adam Smith, in his seminal 1776 work, *The Wealth of Nations*, explicitly recognized that

- Separating the roles of owner and specialist facilitates aggregating large amounts of owners’ capital to place at the disposal of talented specialists (managers), but

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<sup>263</sup> Financial Reporting Council, *UK Corporate Governance Code*, 1.

<sup>264</sup> Organization for Economic Co-operation and Development, *OECD Principles of Corporate Governance*, 11.

<sup>265</sup> *Beyond Compliance: Building a Culture of Corporate Governance*, Final Report: Joint Committee on Corporate Governance, Canadian Institute of Chartered Accountants and the Toronto Stock Exchange (Toronto: CICA and TSX, 2001), 7.

- It cannot be expected that managers should watch over it [other people's money] with the same anxious vigilance with which [they] watch over their own.<sup>266</sup>

Millstein popularized the concept that an active and independent board of directors, indicative of good governance, benefits the corporation directly by reducing “agency” costs—capital of the owners that managers (“agents”) apply to purposes other than those that benefit the owners.<sup>267</sup> The economic purpose of the governance system, and therefore the board that leads and is responsible for it, then is to reduce agency costs. This is based on an assumption that the economic purpose of the firm is to maximize profits and so minimize costs.<sup>268</sup>

Broadly speaking then, the purpose of governance may be said to encompass these increasingly higher-order objectives:

- Facilitating the allocation of large amounts of capital to talented specialists (effective uses),
- Facilitating effective entrepreneurial and prudent management, and
- Reducing “agency costs” in organizations, thus
- Adding value to assets, thus
- Enhancing shareholder value, thus
- Enhancing investor confidence, thus
- Improving economic efficiency and growth, thus
- Acting for the good of the community.

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<sup>266</sup> Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. Edwin Canaan (reprint of 1776 original; Chicago: University of Chicago Press, 1976), 264-65, cited in Ira M. Millstein and Paul W. MacAvoy, “The Active Board of Directors and Performance of the Publicly Traded Corporation,” *Columbia Law Review* 98, no. 5 (June 1998), 1295, and in Debra L. Brown and David A. H. Brown, *Success in the Boardroom: Twenty-five Years of Canadian Directorship Practices: 1973-1998* (Ottawa: The Conference Board of Canada, 1998), 1.

<sup>267</sup> Millstein and MacAvoy, “Active Board of Directors,” 1295; Brown and Brown, *Success in the Boardroom*, 1.

<sup>268</sup> Eugene Fama and Michael Jansen, “Separation of Ownership and Control,” *Journal of Law and Economics* 26, no. 2 (June): 301-25.

## **The Role of the Board in Governance: The Directing Mind of the Body Corporate**

Corporations are governed by statute law. The act (statute) under which the corporation is incorporated is its fundamental legal basis. At the very top of the section of the incorporating act dealing with directors and officers, one generally finds this, or something very closely worded: “The directors shall manage, or supervise the management of, the business and affairs of a corporation.”<sup>269</sup>

In British law, which extends to most English-speaking countries and beyond, the corporation is treated as a person. As a person, the corporation has a birth, it has a life, it has a purpose, and it will have a death.<sup>270</sup> Corporate law is written to enable this, the orderly birth, life, purpose, and death of corporations. Corporations are treated as a person under the law for practical reasons. The law lets corporations buy and sell property, own assets, borrow money, launch ships and expeditions, and take risks. Corporations can sue, and be sued, just like people. Corporations can sell their business, merge, wind down, or declare bankruptcy.

But of course corporations are not persons at all. They are treated as if they are persons, but they have no mind of their own, no heart or soul: that is the board’s role.<sup>271</sup> The board is the “directing mind of the body corporate”: this is a legal expression acknowledging that natural persons (the directors as directing mind) must and do act for

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<sup>269</sup> Canada Business Corporations Act, Section 102 (1).

<sup>270</sup> Debra L. Brown and David A. H. Brown, *The Fiduciary Duty of Boards* (Toronto: BGI Publishing, 2011), 1.

<sup>271</sup> See, for example, Jane Burke-Robertson, *Corporate, Insolvency, and Competition Law Policy*, chap. 2, “Duties of Directors, Industry Canada,” <https://www.ic.gc.ca/eic/site/cilp-pdci.nsf/eng/cl00692.html>.

the legal person (the corporation).<sup>272</sup> In a very real way, the board is the mind, heart, and even soul of the corporation. Statute law goes on to say: “Every director and officer of a corporation in exercising their powers and discharging their duties shall act honestly and in good faith with a view to the best interests of the corporation.”<sup>273</sup>

This is the fundamental legal, or statutory, duty of board members. It is called the duty of loyalty, or more commonly, the fiduciary duty. “Fiduciary” is an old English word (from the Latin for “faith” and “trust”). The concept of a fiduciary was taken by corporate law from older trust law and means a trustee—someone who looks after the business and affairs of someone else, a beneficiary.<sup>274</sup> A board member is a fiduciary, a trustee looking after the business and affairs of a beneficiary who cannot look after its own business and affairs, the corporation.

Every fiduciary relationship is a power-dependency relationship: the board as fiduciary has the power to manage or supervise the business and affairs of the corporation. All fiduciary relationships are always dependent on the fiduciary agreeing to act in the beneficiary’s interests—although the fiduciary’s undertaking may be the result of the exercise of statutory powers, the express or implied terms of an agreement, or simply an undertaking to act in this way. “The fiduciary relationship is very important because it obligates someone to drop, or sacrifice, or postpone their

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<sup>272</sup> The “directing mind of the company” has a long history and precedents in British legal judgments; see, for example, *Tesco Supermarkets Ltd v Nattrass* [1992] AC 153, where Lord Reid wrote: “The person who acts is not speaking or acting for the company. He is acting as the company and his mind which directs his acts is the mind of the company.”

<sup>273</sup> Canada Business Corporations Act, Section 122 (1).

<sup>274</sup> David J. Seipp, “Trust and Fiduciary Duty in the Early Common Law,” *Boston University Law Review* 91 (2011): 1011-14; also Tamar Frankel, *Fiduciary Law* (New York: Oxford University Press, 2011).

own interests for those of the beneficiary, and that cannot be something that is reasonable to find unless the fiduciary does so knowingly.”<sup>275</sup>

This fiduciary duty differs subtly from country to country. In corporations, who exactly constitutes “the community” in whose interests the corporation and its directors should act—whether narrowly the shareholders/owners, or broadly a diverse range of stakeholders—is a fundamental question at the root of an ongoing debate.

In the United States, there clearly are times when the law calls for the interests of shareholders to prevail over the interests of all other stakeholders in the corporation. During the vast majority of the time, as long as the corporation’s life is ongoing, US board members are entitled to take into account any interests that are relevant and are given latitude to use their judgment in deciding what is in the best interest of the corporation. They do not need to look to the short-term value for shareholders as an overriding consideration.<sup>276</sup>

All of this changes when the corporation’s life is coming to an end. Whether by an internal decision to wind down, sell, or change control, or an external offer to buy, this triggers a different and narrower fiduciary duty, getting the best value reasonably available to the shareholders.<sup>277</sup> A board in the United States is entitled to, and in fact may have to, ignore the interests of other stakeholders during “end of life” care.

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<sup>275</sup> George Macintosh, quoted in Christin Schmitz, “Supreme Court of Canada Clarifies Law of Fiduciary Duty,” *Lawyers Weekly* (Ottawa), November 6, 2009.

<sup>276</sup> R. Cammon Turner, “Shareholders vs. the World: ‘Revlon Duties’ and State Constituency Statutes,” American Bar Association (January/February 1999), accessed July 20, 2011, <http://apps.americanbar.org/buslaw/blt/8-3shareholders.html>.

<sup>277</sup> *Revlon, Inc. v. MacAndrews & Forbes Holdings, Inc.* (1986); see Turner, “Shareholders vs. the World”; Vaaler, “Delaware Case Law Considers Board Duties in Going-Private Deals.” (2007).



There is considerable case law in the United States that guides boards when faced with an end-of-life trigger, but the famous case that outlines these duties is the 1986 Delaware case *Revlon v. MacAndrews & Forbes Holdings, Inc.*, and so these are called “Revlon duties.”

Revlon duties in particular, and the fiduciary duty in general, were tested in Canada in the 2008 Supreme Court decision in the *BCE vs. Debentureholders* case which gives the definitive Canadian ruling and practice. Here are its key principles:<sup>278</sup>

1. Directors must consider the best interest of the corporation;
2. Where the corporation is ongoing, directors should be looking to the long-term interests of the corporation, which duty will vary with the situation at hand;
3. Fiduciary duty includes the duty to treat individual stakeholders affected by corporate actions equitably and fairly;
4. In considering what is in the best interest of the corporation, directors may look at the interests of stakeholders such as its shareholders, employees, creditors, suppliers, consumers, governments, and the environment to inform their decision;
5. In each case directors must act in the best interests of the corporation in a fair manner commensurate with the corporation’s duties as a responsible corporate citizen;
6. There is no principle in Canada that one set of interests, for example the interests of shareholders, should prevail over another set of interests;
7. Where conflicting interests arise, and where it is impossible to please all stakeholders, it will be irrelevant that the directors rejected alternative transactions that were no more beneficial than the chosen one; and
8. It is a function of business judgment as to what is in the best interests of the corporation in any particular situation.

This decision is the clearest articulation and confirmation that the fiduciary duty of board members in Canada is to stakeholders broadly, not just to shareholders, and these stakeholders include the public good, society, and community.

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<sup>278</sup> Supreme Court of Canada decision: *BCE Inc. vs. Debentureholders* (2008).

Beyond North America, there are subtle differences in statute and common (case) law regarding a corporate board member's fiduciary duty, and these generally vary with regard to whose interests the board is to take into account: stakeholders other than the shareholders tend to hold greater sway in Continental Europe than in North America.

In Germany, for example, "mandatory codetermination legislation . . . provides that in firms with over 2,000 employees, half the seats on the board of directors are reserved for employee representatives, including a specified number of trade unions representatives who are not themselves employed by the firm."<sup>279</sup> The Nordic countries have enacted legislation and regulations to promote broader public and stakeholder representation on boards, including gender quotas, and the European Union, Germany, and even parts of North America are following suit.<sup>280</sup>

Even the legal framework governing corporations is fundamentally different in these two regimes: in countries that follow the Anglo-Saxon theory of the firm and governance, a corporation is considered a person under the law, with a distinct and independent birth, life, purpose, and death, governed by a unitary board with a high level of autonomy and authority; in Continental Europe and Japan, a corporation is a means toward a higher societal end, civil (e.g., Napoleonic) codes tend to be more

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<sup>279</sup> Wanjiru Njoya, *Employee Ownership in the European Company: Reflexive Law, Reincorporation, and Escaping Codetermination*, Working Paper (Centre for Business Research) 416 (Cambridge: Centre for Business Research, University of Cambridge, 2010), 4-5.

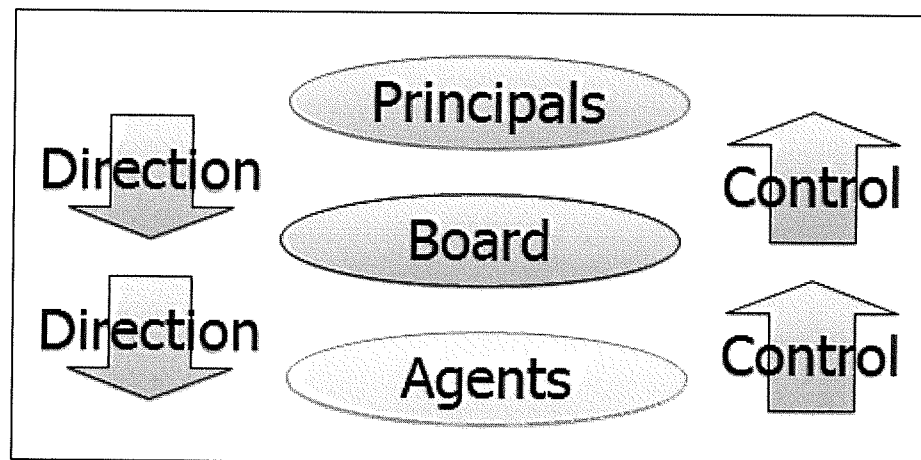
<sup>280</sup> James Quinn, "EU Quota for 40pc of Women on Boards Moves Step Closer," *Telegraph* (UK), October 14, 2013, accessed January 18, 2014, <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/10378585/EU-quota-for-40pc-of-women-on-boards-moves-step-closer.html>.

prescriptive, and a binary board system is in place—two levels of board to fulfill the dual and even conflicting purposes of performance in the stakeholders’ interests (direction) with conformance with and accountability to laws and rules (control).

Nonetheless, the role of the board as both the directing mind of the corporation and as the highest authority in the corporation is common to both major systems of law (Anglo-Saxon and Napoleonic). As the Cadbury Committee authoritatively explained:

Corporate governance is the system by which organizations are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders’ role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the company’s strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board’s actions are subject to laws, regulations and the shareholders in general meetings.<sup>281</sup>

**Figure 2.8: The Governance System and the Role of the Board**

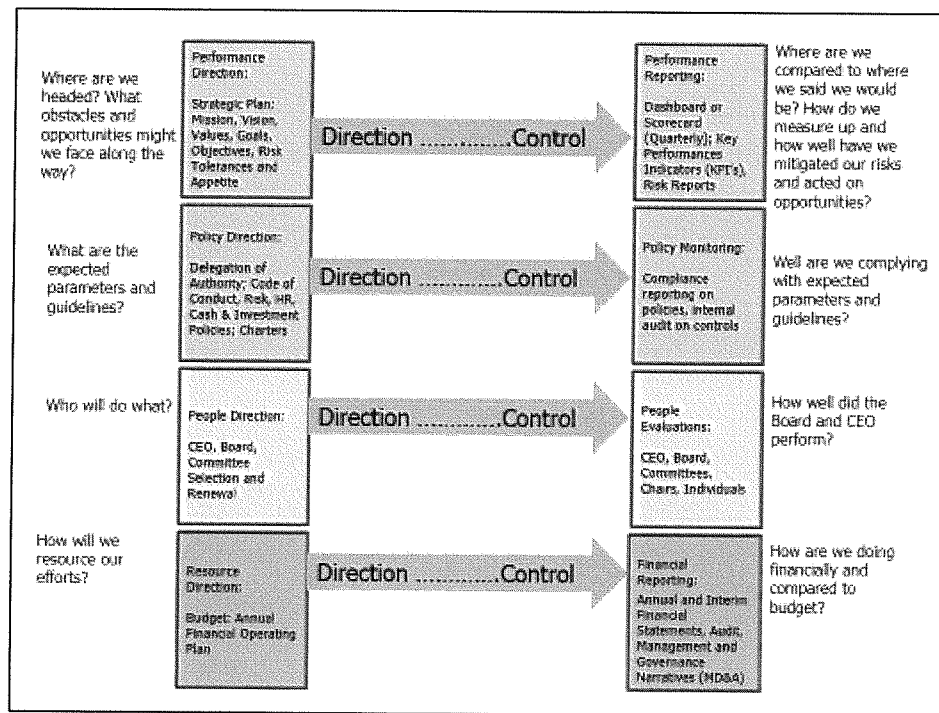


<sup>281</sup> Cadbury, *Financial Aspects of Corporate Governance*, 14.

Essentially, then, boards of directors fulfill their governance duties by focusing on strategic direction (i.e., planning, delegation, risk management [policy], and resourcing) and control (i.e., oversight, monitoring, evaluation, and measurement).<sup>282</sup>

Principals are the owners of the organization (i.e., shareholders, members, governments in the public sector, etc.). The principals are the people who created the organization, have a purpose for the organization (needs that the organization is intended to meet), and contribute (invest or give) resources or capital.

**Figure 2.9: The Role of the Board in Direction and Control**



<sup>282</sup> Debra L. Brown and David A. H. Brown, *The Corporate Governance Framework* (Toronto: BGI Publishing, 2013), 3-6. This framework integrates the work of Cadbury, Millstein, Dey, and others into a comprehensive corporate governance framework for boards.

Agents are the CEO, management team, and staff (and volunteers in many not-for-profits, as well as partners and alliances). The agents are the people who undertake the organization's activities, in order to meet the principals' needs and who employ (use) the resources or capital.

The board of directors provides governance. The board is/are the people who are the independent intermediary (broker/referee) between the principals and agents; the voice of the principals to the agents (and back); and has/have the ultimate authority and responsibility to act in the broadest interests of the corporation.

To illustrate, if one imagines an organization to be a ship, the owners (principals) cause the ship to be built, pay for it, and have a purpose and destination in mind. The board is the rudder: it sets the course, focuses on the horizon, monitors progress, and makes course adjustments as necessary. The CEO, management, and staff (agents) carry out all the duties on the ship.

Fundamentally the overarching theme remains: the board of directors is the directing mind of the body corporate. By acting in the best interests of the corporation, the board takes into account the competing self-interests of principals, agents, and other stakeholders but sets the direction and priorities of the corporation in its own (the corporation's) interests, as stewards and trustees. It goes without saying, then, that good corporate governance calls for and is reliant on a good, clear mind.

## What Is the Relationship Between Governance and Leadership?

Governance is the system by which an organization is directed and controlled, and leadership is the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members.<sup>283</sup> In this sense, governance comprises principles, processes, structures, and activities that are tools used by leaders as they exercise leadership.<sup>284</sup>

At one level, the relationship between leadership and governance is that leaders are responsible for governance in an entity. Whether this is the “rule of one” (a monarchy or autocratic CEO), the “rule of a few” (an aristocracy or a governing board), or the “rule of many” (a democracy or shareholders’ meeting), the leaders of the entity are responsible for its governance. At a state or polity level, government, however it is derived, is responsible for governance. At an organizational level, in corporate governance, this is reflected by Cadbury’s precept that “the board is responsible for the governance of the company.”<sup>285</sup> At a micro-culture level, the leadership of the board (the chair often in consultation or conjunction with committee chairs) is responsible for the board’s own governance, just as the CEO and executive leadership team (vice presidents and business unit heads) are responsible for internal governance cascading down the organization.

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<sup>283</sup> House et al., eds., *Culture, Leadership, and Organizations*, 15.

<sup>284</sup> It is not within the scope of this thesis to conduct a review of the vast corpus of literature on leadership, but the character and nature of leaders and leadership are central and pivotal to this thesis, using governance as a tool for transforming organizational culture.

<sup>285</sup> Cadbury, *Financial Aspects of Corporate Governance*, 14.

When looking up “leadership” in a dictionary, one finds definitions such as “the action of leading a group of people” or “an organization” or “the ability to do so,” and, “the state or position of being a leader.” Regardless of the definition, all of them bring together three different strands:<sup>286</sup>

1. Leadership is an action in relation to others.
2. Leadership requires certain abilities.
3. Leadership includes having the authority to lead as a result of one’s position.

In the literature about leadership, a number of mental models, or paradigms, have been articulated by researchers, academics, and various authors. Here is a summary of the main models of leadership, which roughly parallel broader chronological developments in social sciences and developmental and behavioral theory:<sup>287</sup>

1. The great man model of leadership: This model, articulated at a time when leadership was thought of primarily as a male quality, espouses that the capacity for leadership is inherent—great leaders are simply born that way. A variant of the great man theory, sometimes called trait theory, claims that some people are born leaders. This theory assumes that people *inherit* certain qualities and traits that make them better suited to leadership. In other words, they are born that way because their ancestors had those same leadership traits.
2. Behavioral leadership theory: Behavioral leadership theories of leadership are the opposite of trait theory. Behavioral theory is based on the belief that great leaders are made, not born. This leadership theory focuses on the actions of leaders, not on mental qualities or internal states. According to this theory, people *learn* to become leaders through teaching and observation.
3. Situational leadership theory: Situational leadership theories propose that leaders choose the best course of action based upon situational variables. Different styles of leadership may be more appropriate for certain types of decision making. For example, in a situation where the leader is the most knowledgeable and experienced member of a group, an authoritarian style of

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<sup>286</sup> Debra L. Brown, *Be the Leader You Would Choose to Follow* (Toronto: BGI Publishing, 2013), 1.

<sup>287</sup> Brown, *Be the Leader You Would Choose to Follow*, 2-3.

leadership might be most appropriate, such as in the heat of war in the midst of a battle. In other instances where group members are skilled experts, a democratic style would be more effective, such as in the boardroom when debating long-term strategy.

4. Management theory (also known as transactional theories): These models focus on the role of supervision, organization, and group performance. These theories base leadership on a system of rewards and punishments. Managerial theories are often used in business: when employees are successful, they are rewarded; when they fail, they are reprimanded or punished. This is leadership by *quid pro quo*. People in positions of leadership have and use leverage. They need not be a born leader to succeed; they can get along quite adequately if they are skilled at negotiation.
5. Systemic or participative leadership model: The systemic or participative leadership theory suggests that the ideal leadership style is one that takes the input of others into account. These leaders encourage participation and contributions from group members and help group members feel more relevant and committed to the decision-making process. In participative theories, the leader need not be able to lead others. He or she needs only to have the capacity to guide others toward decision making and let them take the lead.
6. Transformational leader theory: Transformational leadership theories focus on the connections formed between leaders and followers. Transformational leaders motivate and inspire people by helping group members see the importance and higher good of the task. These leaders are focused on the performance of the group. But they also want each person to fulfill his or her potential. Leaders with this style are known for their high ethical and moral standards.

Transformational leadership theory combines aspects of all of the previous models of leadership and then takes them to the next level. This concept of transformational leadership was birthed in 1978 by James MacGregor Burns, a historian. Underlying Burn's thinking about transforming leadership were the emerging developmental theories of Abraham Maslow and Lawrence Kohlberg. Maslow's theory is articulated in what is called "Maslow's hierarchy of needs," and Kohlberg focused his attention on his theories of the stages of moral development. Burns coined the concept of transforming leadership in his classic book *Leadership*.

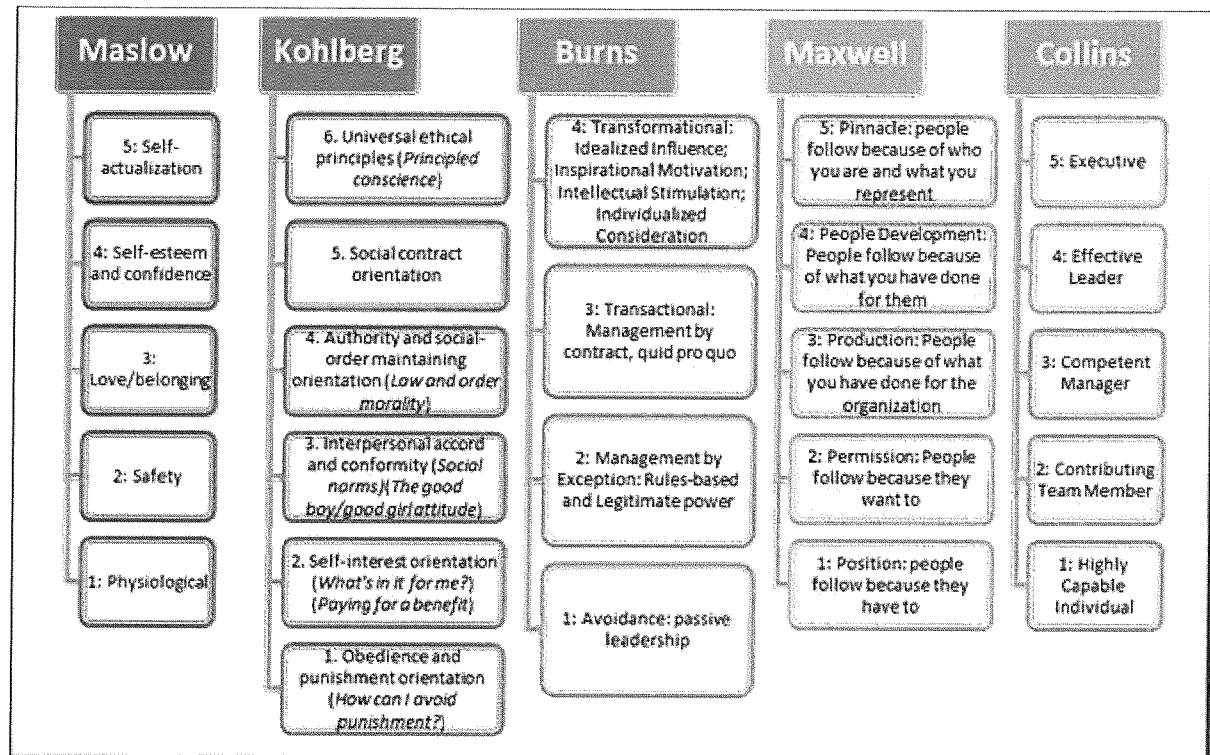


Two other leadership models are popular in the current leadership literature. The first, the five levels of leadership, was articulated by John Maxwell, a popular author and speaker on the subject. That model was followed by author and researcher Jim Collins, who called his model “Level 5 leadership.” These two models are comparatively similar. Maxwell’s model is articulated in terms of influence and why people follow a particular leader; Collins’s model is articulated in terms of a description of the leader. A level 5 leader for Collins is one who builds enduring greatness through a blend of personal humility and professional will, while a level 5 leader for Maxwell is one who people follow because of the leader’s influence, that is, who he or she is. These leaders are people of character, humility, and vision.

When these models are studied side by side, both of these authors are describing similar qualities in terms of leadership, and both, like Maslow, Kohlberg, and Burns before them, view the progression of their model as levels leaders are able to—and should—move up through (see figure 2.10).

- Level 1 in the Maxwell and Collins models is about position. This is the lowest level of leadership—the entry level. The only influence a positional leader has is that which comes with the job title.
- At level 2, people do more than merely comply with orders. They start to follow this leader because they want to. They want to because the leader begins to influence people through relationship, not just position.
- At level 3, the emphasis is on personal and corporate productivity. Not only is the leader productive individually, but also he or she is able to help the team produce.
- By level 4, leaders are investing their time, energy, money, and thinking into growing others as leaders. They look at every person and try to gauge his or her potential to grow and lead—and work to bring out the best in them.
- And finally, at level 5, there is the rare leader. This leader is a culmination of leading well on the other four levels. Too, this leader has a high degree of skill and natural leadership ability. These are leaders who are able to develop other leaders so that they reach level 4 or 5.

**Figure 2.10: The Progression of Leadership Theories and Models**



Relating leadership to governance, John Maxwell is famous for saying “your organization will rise and fall based on the level of its leadership.” If the collective leadership capacity of the board is operating at level 1, then it is virtually impossible to lift the management team beyond that. In fact, if they are beyond level 1, such a board will bring them down to where they are. And, if the CEO and management team are operating at level 1, the organization will not thrive. It will remain a level 1 organization in terms of its capacity for growth.<sup>288</sup>

Almost two decades after the watershed Cadbury Code was published, its successor came to this conclusion: “Much more attention needed to be paid to

<sup>288</sup> Brown, *Be the Leader You Would Choose to Follow*, 4.

following the spirit of the Code as well as its letter . . . [The Code] cannot guarantee effective board behavior because the range of situations in which it is applicable is much too great for it to attempt to mandate behavior more specifically than it does.”<sup>289</sup>

The FRC went on to summarize how leadership and behavior are related to governance: “To follow the spirit of the Code to good effect, boards must think deeply, thoroughly and on a continuing basis, about their overall tasks and the implications of these for the roles of their individual members. Absolutely key in this endeavor are the leadership of the chairman of the board, the support given to and by the CEO, and the frankness and openness of mind with which issues are discussed and tackled by all directors.”<sup>290</sup>

Simply put, the board is the highest-level leadership team in any organization, and its effectiveness depends on its leadership capacity, on having good people around the boardroom table, and on exercising this leadership in an effective way. Governance is a tool, actually a set of tools, that leaders can and do access and use in their exercise of leadership.

### **What Is the Relationship Between Governance and Culture?**

Governance is the system by which the organization is directed and controlled, and culture is a series of largely unwritten and at times unspoken norms within a group

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<sup>289</sup> Financial Reporting Council, *UK Corporate Governance Code*, 2.

<sup>290</sup> Financial Reporting Council, *UK Corporate Governance Code*, 2.

of any size that are used, shared, learned, and taught as the collective progresses and solves problems.<sup>291</sup>

Culture has three core elements: it is about right and wrong; it is shared, learned, taught, and used; and it solves problems and guides into the future.

Governance and culture interact continually at every level of an organization, from its leadership level through departments and divisions to the levels of the small team unit and individual.

Culture is about right and wrong, the values and beliefs espoused in and by an organization. At this level, culture precedes and informs governance. Culture frames governance, providing both a *raison d'être* and non-negotiable boundaries to the articulation of a direction for the entity, whether explicitly or implicitly (typically a mix of both). Culture provides the moral dimension (discussed in more depth below with governance models), what Adam Smith called an “invisible hand” or ethical imperatives and parameters that invisibly guide governance systems from corporations to market economies.<sup>292</sup>

While secular literature would debate or deny this, those of faith would positively identify the invisible hand as none other than God Himself, the purpose as being believers’ calling or vocation from Him, and the non-negotiable boundaries being the precepts and commandments embedded in Judeo-Christian (or other faith systems’) values.

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<sup>291</sup> Both definitions are drawn from earlier in this literature review, as are the aspects of culture.

<sup>292</sup> Adam Smith, *The Theory of Moral Sentiments*, in *The Glasgow Edition of the Works and Correspondence of Adam Smith*, 7 vols. (Oxford: Oxford University Press, 1976), 1:184.

At a second level, a fundamental outcome of culture (guiding into the future) is the fundamental aspect of governance (to set direction). This is not always linear or simple, though: governance attempts to set a direction, then cultural norms react and respond to this attempt at direction setting at times in a positive and functional way, at times not, and then governance monitors and evaluates progress towards the direction set, making course corrections. The process is both iterative and dynamic.

A third aspect of the relationship between governance and culture is that the board and/or leaders responsible for governance are themselves a micro-culture, and the functional or dysfunctional features of boardroom culture play a pivotal role in governance effectiveness. At the top of the organization, boardroom dynamics can be viewed as the interplay between three aspects of governance: governance structure, culture, and behaviors.

The preponderance of the literature on corporate governance, both academic and business, concentrates on making sure that corporations and their boards have the right structure, processes, and procedures in place to help ensure good governance, but repeatedly research has demonstrated that the best process and the most finely crafted procedures will not result in effective governance if boardroom culture keeps the board from working together or from making important decisions that will lead to the best outcomes.<sup>293</sup>

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<sup>293</sup> See, for example, Jeffrey Sonnenfeld, "What Makes Great Boards Great?", *Harvard Business Review* 80 (November 2002): 106-13; Richard Leblanc and James Gillies, "The Coming Revolution in Corporate Governance," *Ivey Business Journal* (September-October 2003); Yvan Allaire and Mihaela Firsirotu, "Changing the Nature of Governance to Create Value," C.D. Howe Institute (November 2003).

For Morgan, as long as an individual's behavior follows the social norms and customs, things will flow smoothly for him or her. Once disrupted, things will begin to break down. Knowing the formal, written rules will get one only so far in the organization; it takes moving beyond the rules to understanding the heart of the culture that will bring one success within that particular culture. As Morgan says, "The rules are invariably incomplete."<sup>294</sup>

Further, he explains, people invariably apply rules depending on the context of the situation they are dealing with. And, the context is always heavily weighted by the cultural norms and practices in a given organization. For example, should the application of a rule in a certain situation not fit within the culture norms expected, the decision will be challenged. As a result, the action will need to be justified in order for everyone to make sense of it.

It is in this way—this justification and sense making—that culture is constructed in an ongoing way. As Morgan says, "this brings the whole phenomenon of culture alive . . . it must be understood as an active, living phenomenon through which people jointly create and re-create the worlds in which they live."<sup>295</sup>

Morgan writes this as if each of these sense-making interactions builds a culture into ever more productive ends. However, sense making may not always make sense! For example, should persons exert their power to apply a rule in such a way as to act their own best interest rather than in the interest of the organization, they may in fact

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<sup>294</sup> Morgan, *Images of Organization*, 135.

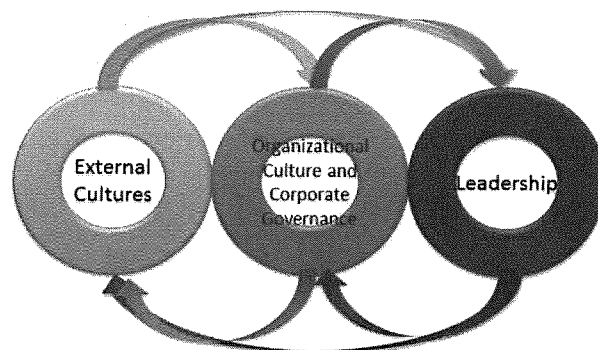
<sup>295</sup> Morgan, *Images of Organization*, 136-37.

be able to succeed in accomplishing their own desired end. This will affect the culture quite negatively, tearing down rather than building up.

It is the observation Morgan makes about how organizations become what they are that is most provocative. He writes, “We find that organizations end up being what they think and say, as their ideas and visions realize themselves.”<sup>296</sup> While this is a poetic statement, if an organization has a culture of lack and they think they do not have what they need to succeed, then their visions will not be realized no matter how grand the idea or vision.

Potentially negative consequences of the culture metaphor are also pointed out by Morgan, primarily that as managers realize the power of organizational culture, they might engage in ideological manipulation and control.

**Figure 2.11: The Symbiotic Relationship Between Culture, Governance, and Leadership**



Cadbury elucidates:

Tests of board effectiveness include the way in which the members of the board as a whole work together under the chairman, whose role in corporate governance is fundamental, and their collective ability to provide both the leadership and the checks and balances which effective governance demands.

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<sup>296</sup> Morgan, *Images of Organization*, 140.

Shareholders are responsible for electing board members and it is in their interests to see that the boards of their companies are properly constituted and not dominated by any one individual.<sup>297</sup>

Richard Leblanc and James Gillies of York University in Canada undertook a groundbreaking doctoral research study that demonstrated “that the decision-making processes of boards are greatly influenced by the behavioural characteristics of individual directors.”<sup>298</sup>

Cadbury’s assessment put it plainly: “Raising standards of corporate governance cannot be achieved by structures and rules alone. They are important because they provide a framework which will encourage and support good governance, but what counts is *the way in which they are put to use*.”<sup>299</sup>

Directors spend far too little time addressing culture, because it is harder to define and to see, and it is perceived to be harder to fix.<sup>300</sup> Although the governance literature has recently begun to grasp the significance of culture, then, it is often limited in its view of culture as the people in the boardroom, their character, composition, interactions, and behavior. In the governance literature, culture is typically relegated to a jigsaw puzzle piece, one component of effective governance. There is not a clear understanding of boardroom or governance culture being a micro-culture in the sense of Schein, or a grasp of how governance principles, processes and structure are

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<sup>297</sup> Cadbury, *Financial Aspects of Corporate Governance*, 19.

<sup>298</sup> Richard Leblanc and James Gillies, *Inside the Boardroom: How Boards Really Work and the Coming Revolution in Corporate Governance* (Mississauga, ON: John Wiley & Sons, 2005), 3.

<sup>299</sup> Cadbury, *Financial Aspects of Corporate Governance*, 17, emphasis added.

<sup>300</sup> Debra L. Brown, *Board Culture and Governance* (Toronto: BGI Publishing, 2013), 1.



potentially powerful tools to influence and change organizational culture, the subject of this current work.

## Governance Models

### **What Are the Primary Governance Models?**<sup>301</sup>

The concepts of “governance” and “government” were largely conflated, or at least comingled, until the last century or two. Today’s governance models have developed from the earlier typology of government, owing a great deal to the classical Greek thinkers and writers, precursors of modern Western thought in so many fields.

Herodotus, Socrates, Plato, and Aristotle classified governments based first on who holds power: individuals (the rule of one), groups (the rule of few), or all citizens (the rule of many).<sup>302</sup> In Aristotle’s case, he developed this classification further based on social classes and power.<sup>303</sup> Each of these is what would be described in the culture literature as a degree of “power distance,” the first fundamental dimension of culture described by Hofstede and House and explored in the sections above. House defines power distance as “the degree to which members of an organization or society expect and agree that power should be shared equally.”<sup>304</sup>

Herodotus in a famous passage contrasts

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<sup>301</sup> This section entitled What Are the Primary Governance Models is not intended to be an exhaustive review of the subject of the history of governance typology and church governance. Rather, it is intended as an overview of the main classifications and dimensions of early and church governance for the purpose of setting the stage to explore organizational governance in particular.

<sup>302</sup> Barker, *Political Thought of Plato and Aristotle*, 170-75, citing the writings of Herodotus, Xenophon on Socrates, Plato, and Aristotle.

<sup>303</sup> Barker, *Political Thought of Plato and Aristotle*, 320.

<sup>304</sup> House et al., eds., *Culture, Leadership, and Organizations*, 537.

monarchy, aristocracy, and democracy in respect of their value; and he impartially pronounced that they all suffered from evils, which in each case ultimately involved a tyranny. Democracy at its best, he tells us, means equality before the law, an elective and responsible executive, and the right of the people to exercise deliberative power. But the people do not know, for they have never been taught, what is fitting and proper; they can be more tyrannical than the worst tyrant . . . The members of an aristocracy are touchy on the point of honour, and quarrels easily arise which develop into civil war, and culminate in tyranny . . . The monarch is liable to the intoxication of power, and falling into insolence and a jealousy of all merit, he becomes a tyrant.<sup>305</sup>

Perhaps counterintuitively, given their deep roots in the birthplace of democracy, Athens, Plato and Aristotle agreed with Herodotus in favoring monarchy (although one can more readily understand Aristotle's view given his employment in the Macedonian royal court of Philip II as the tutor of Alexander; obviously they were both constrained by their experiences, just as all people are). In fact, they ranked the six basic forms of government in precisely the same order (see table 2.14.)<sup>306</sup> Barker writes,

Plato holds absolute monarchy to be preferable to all other constitutions, because in it alone is there the free play of reason, while in the rest there is either the hard rule of an inflexible law, or, still worse, the mere vagaries of caprice and desire. Monarchy is marked by the rule of a principle of reason flexible because it is personal. . . . Better, Plato admits, the rule of a principle, even if it be rigid, than no principle at all, even if that means flexibility; but granted the presence of a principle, better that it should act freely, than it should act stiffly and by rule.<sup>307</sup>

Plato and Aristotle acknowledge the risk of malevolent monarchs—tyrants who act in their self-interest—and concur that laws (rules) have a place in curbing this absolute power and that education is essential to an informed citizenry (democracy).

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<sup>305</sup> Barker, *Political Thought of Plato and Aristotle*, 173, quoting from Herodotus, book 3, pp. 80-82.

<sup>306</sup> Plato, *The Republic*, 2nd ed., trans. Allan Bloom (New York: Basic Books, 1968), Bloom's interpretive essay, 415-18; and Barker, *Political Thought of Plato and Aristotle*, 169-75, 310-17, based on Plato's *Republic* and *Politicus* and Aristotle's *Politics*.

<sup>307</sup> Barker, *Political Thought of Plato and Aristotle*, 170, based on Plato's *Republic* and *Politicus*.

“Plato places monarchy first, and tyranny last; the rule of a single man is strongest both for good and evil, because authority is placed undivided in his hands. The rule of the many [democracy], on the contrary, is weakest for vice, and weakest for virtue, because power is infinitesimally divided among an infinity of authorities.”<sup>308</sup>

Further,

Plato attacks constitutionalism [rule of law], and thinks but little of equality [democracy]. To equality he opposed harmony, to constitutionalism flexibility, and in the name of both he advocates absolute monarchy. In a fine passage at the end of the *Politicus* the function of the monarch in binding the State together to the exclusion of selfishness and consequent disunion is emphasized by means of a parallel between statesmanship and weaving. “It is the royal art to weave a State of one texture from the warp of courage and the woof of temperance: it is the work of a statesman to bind his State into a unity by the divine bond of a true moral sense, and by the human bond of properly regulated marriage.”<sup>309</sup> In classifying governments, Plato went further than Herodotus and Socrates,

elevating the principle of knowledge, making “three grades, the State of perfect knowledge perfectly free to act [the ideal State of the *Republic*, absolute monarchy]; the States of imperfect knowledge formalized in a law, which only act where that law can act [law states]; and the States of ignorance, which refuse to be guided even by the imperfect and hard ‘knowledge’ of a code of law [caprice states].”<sup>310</sup>

Aristotle took this dimension one step further, to a moral or ethical level: “the object of the state is to secure the good of the community as a whole.”<sup>311</sup> His classification was based on whether “government is unselfish, because it pursues a

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<sup>308</sup> Barker, *Political Thought of Plato and Aristotle*, 175-76, based on Plato’s *Politicus*.

<sup>309</sup> Barker, *Political Thought of Plato and Aristotle*, 169, citing Plato’s *Politicus*.

<sup>310</sup> Barker, *Political Thought of Plato and Aristotle*, 175, citing Plato’s *Politicus*.

<sup>311</sup> Lloyd, *Aristotle*, 257; this illustrates Aristotle’s teleological approach, this is the first and most important aspect in studying anything is its purpose or end.

moral purpose ['normal'], and the 'perversion,' in which the government is corrupt, because it fails to pursue such an aim."<sup>312</sup>

In other words, each form of government may be further described by the degree to which it serves "the public good or for the self-interest of the governors. In fact, governmental functioning always depends upon some combination of consent and constraint."<sup>313</sup> This second dimension is closely related to House's second dimension of culture, institutional and in-group collectivism: "the extent to which individuals act on their own behalf versus in the interests of the group."<sup>314</sup>

These basic models of governance (government) articulated by the classical Greek writers, including the rankings (from best to worst) of Plato and Aristotle are summarized in table 2.14.

**Table 2.14: Summary of Plato and Aristotle's Models of Government**<sup>315</sup>

Who Holds Power? (i.e., degree of power distance?)	Form of Government	Positive aspects: rule of law (constitutional), virtue, moral <i>[with Plato's and Aristotle's rankings from best to worst]</i>	Negative aspects: rule of caprice, selfishness, vice, perverted, corrupt
Individuals (rule of one)	Monarchy	Monarchy: respect for law and consent of subjects ( <i>1<sup>st</sup>: best</i> ) [Benevolent dictatorship]	Tyranny: acting in self-interest, lack of respect for law and subjects, intoxication of power, insolence, jealousy of merit ( <i>6<sup>th</sup>:</i>

<sup>312</sup> Lloyd, *Aristotle*, 254; Barker, *Political Thought of Plato and Aristotle*, 311, based on Aristotle's *Politics*.

<sup>313</sup> *New Encyclopaedia Britannica*, 5:393.

<sup>314</sup> House et al., eds., *Culture, Leadership, and Organizations*, 438.

<sup>315</sup> Barker, *Political Thought of Plato and Aristotle*, 169-75, 310-17, based on Plato's *Republic* and *Politicus* and Aristotle's *Politics*.

			worst) [Malevolent dictatorship]
Groups (rule of few)	Aristocracy	Aristocracy: merit and capacity (wisdom and knowledge) (2 <sup>nd</sup> )	Oligarchy (e.g., Plutocracy): based on mere wealth and/or privilege, favors one class (wealthy), pride leading to quarrels (5 <sup>th</sup> )
All Citizens (rule of many)	Democracy	Democracy: equality (favors no classes or sections), an elective and responsible executive, the right of the people to exercise deliberative power (3 <sup>rd</sup> ) [Aristotle called this "Polity"]	Anarchy: lack of knowledge, caprice, aims at the selfish interest of the poor (4 <sup>th</sup> ) [Aristotle called this "Democracy"]

Aristotle also allowed for mixed or hybrid forms of government (Sparta was a leading example of this in his day), and today virtually all forms of government in practice are a mix of two or more of these three basic categories, often at different levels. Having said that, the great strength of a simple classification is its power to be applied as a model and example,<sup>316</sup> which will be done in the upcoming exploration of organizational governance models.

Aristotle, the inveterate classifier, also gave us the three branches of government, among which government's functions are distributed: "the judicial, the deliberative (legislative), and the executive organs."<sup>317</sup> In the public sector, the legislative organ is the elected parliament, legislature, or congress, and the executive

<sup>316</sup> Barker, *Political Thought of Plato and Aristotle*, 318-19.

<sup>317</sup> Barker, *Political Thought of Plato and Aristotle*, 316-17, based on Aristotle's *Politics*.

organ are the full-time public servants led by a chief executive (president) and cabinet.

In the private sector, the legislative organ is the board, the executive organ the management team led by the chief executive officer (president). This is mentioned here because this too is relevant and important to organizational governance as the division of powers—and the checks, balances, and accountabilities among them—in an organization is central to its governance model.

Perhaps ironically, it was Aristotle's pupil, Alexander, whose conquests wiped forever the city-state polities of Plato and Aristotle from the map. "The world-empire of Alexander, succeeded by centuries of universal domination by Rome, made the world the one actual unit of politics; and the teaching of the Christian Church, which recognized one body of all the faithful, strengthened by a spiritual sanction the trend of secular affairs."<sup>318</sup>

### **What Are the Primary Models of Ecclesiastical Polity (Church Governance)?**

Church governance has traditionally been called ecclesiastical polity, or alternatively church polity, church government, or church order. Dating from the Acts of the Apostles and the other books of the New Testament, different models of church governance outline preferred or required methods for governing the church, its denominations, and individual churches.<sup>319</sup>

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<sup>318</sup> Barker, *Political Thought of Plato and Aristotle*, 499.

<sup>319</sup> William Jones Seabury, *An Introduction to the Study of Ecclesiastical Polity* (New York: R. W. Crothers, 1900).

There are dozens of major denominations and thousands of independent churches that represent the Christian church in modern society. Each has developed and fine-tuned its own form of church governance, and the applications are almost infinite. However, there are a small number of broad models that describe the major forms of church governance:

- Episcopacy
- Presbyterianism
- Congregationalism

The vast majority of major denominations and independent churches have church governance practices that follow one of these three models. Each of these three governance models is based on an understanding and interpretation of the instructions concerning church governance given in the New Testament, especially Paul's instructions to Timothy and Titus.<sup>320</sup>

At its simplest, episcopacy recognizes the central role in church governance given to the bishop (*episcopos* or overseer.) Having said that, the actual governance of the Roman Catholic Church, Eastern Orthodox Church, Anglican Church, or any other denomination that follows an episcopal governance model is considerably more complex than simple bishops. In fact, this governance model was developed as the church grew geographically and numerically, and its inherent hierarchy can be seen as much a product of necessity as of Scripture.<sup>321</sup>

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<sup>320</sup> Ralph Wardlaw, *Congregational Independency in Contradistinction to Episcopacy and Presbyterianism: The Church Polity of the New Testament* (Glasgow: James Maclehose, 1864); William Albin Garratt, *Churches, the Many and the One* (London: Seely, 1874).

<sup>321</sup> Brown, "Church Governance," 1.

Episcopacy sees three church offices in the New Testament: apostles, bishops, (*episcopos*), and deacons. In exercising their supreme authority, the apostles ordained both bishops and deacons and admitted some to their own order from time to time, transmitting apostolic authority to them.<sup>322</sup>

Reformation leaders like Martin Luther, John Calvin, and John Knox wrestled directly with the question of good government, and their writings and disciples have had a major influence on the formation of church and secular government and governance models since, and have contributed to the diversity of arrangements in both. One of the key distinctions that they made—which was first made with Christianity when it was recognized as the state religion in the late Roman Empire, and even earlier by the Stoics’ “City of God” and “City of Cecrops”<sup>323</sup>—was between “church” and “state” government.

As Luther wrote, “God has ordained the two governments; the spiritual, which by the Holy Spirit under Christ makes Christians and pious people, and the secular, which restrains the unchristian and wicked so that they must keep the peace outwardly, even against their will.”<sup>324</sup>

Luther identifies the two kingdoms accordingly: the “kingdom of the right” as the kingdom of God, a spiritual kingdom, and the “kingdom of the left” as the kingdom of the world, a secular kingdom. Working from Matthew 22:21, Luther asserts that God

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<sup>322</sup> Seabury, *Introduction to the Study of Ecclesiastical Polity*, 105.

<sup>323</sup> Barker, *Political Thought of Plato and Aristotle*, 500.

<sup>324</sup> Martin Luther, *Martin Luther: Selections from His Writings*, ed. John Dillenberger (New York: Doubleday, 1962), 370, cited in Matthew Bean, “The Relationship Between the Board of Directors Governance Model and the Practice of Discipleship” (DMin Major Applied Project [Thesis], Concordia Seminary, 2009), 98.



has ordained the kingdom of the right for the purpose of establishing and sustaining faith, while also ordaining the kingdom of the left for the purpose of establishing and sustaining civil order.<sup>325</sup> Luther continues further: “These two kingdoms must be sharply distinguished, and both permitted to remain: the one to produce piety, the other to bring about peace and prevent evil deeds; neither is sufficient in the world without the other.”<sup>326</sup>

In Geneva, Calvin had the mandate and freedom to reform both church and civil governance. The system which he designed is often referred to as the basis or precedent for contemporary government systems which feature the “separation of church and state.” Calvin designed this, as closely as possible, to mirror the governance of the early New Testament church.<sup>327</sup>

Knox, Calvin’s pupil, took these revolutionary governance concepts home to Scotland, where he faced a different practical problem. Unlike Geneva, Scotland was a monarchy, ruled by a strong monarch who claimed divine right to rule both church and state. Knox challenged the king’s right to rule the church, and the Church of Scotland ever since, and all other Presbyterian church governance systems, vest supreme authority in neither secular kings (Anglican) nor apostolic successors (Catholic) but in small groups of elders appointed by the churches to govern on their behalf from time to time. Yet the church itself is universal, that is, all the local churches collectively form a

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<sup>325</sup> Bean, “Relationship Between the Board of Directors Governance Model and the Practice of Discipleship,” 98.

<sup>326</sup> Luther, *Martin Luther*, 371, cited in Bean, “Relationship Between the Board of Directors Governance Model and the Practice of Discipleship,” 98.

<sup>327</sup> McGrath, *Reformation Thought*, 20.

single congregation that is governed in a unitary way by its presbytery. Individual churches have their own offices, elders and deacons, but their authority is limited to matters of local importance; matters of significance beyond these communities must be referred to the presbytery who will decide for all.<sup>328</sup>

Presbyterians make a distinction between bishops (*episcopos*) and elders (*presbyteros*), or as they are occasionally differentiated, teaching elders and ruling elders. The precept is that, when the church is faced with a governance decision, it is not practical or necessary to gather together all the congregants, or all the deacons, or even all the elders, but to appoint a group of governing elders (the presbytery) who will meet and make governance decisions on behalf of the church.<sup>329</sup>

For some, the distinction between Episcopal and Presbyterian church governance began with the apostles John and Paul, and their founding and/or oversight of churches in different regions of Europe and Asia. John followed a more monarchical style of government in the East, where individual bishops oversaw the elders (presbyters) of each church, who in turn governed the congregations. Paul followed a more republican style of government in the West, where each church is governed by a collective body of ruling elders, who act on behalf of the broader body of believers and are appointed by them.<sup>330</sup>

Congregationalism holds that “there are only two orders of officers recognized in the New Testament, as having existed in the churches constituted by the apostles—

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<sup>328</sup> Brown, “Church Governance,” 4.

<sup>329</sup> Wardlaw, *Congregational Independency*; Garratt, *Churches, the Many and the One*.

<sup>330</sup> Garratt, *Churches, the Many and the One*, xiv.

namely, Bishops and Deacons.”<sup>331</sup> If there had been a third or fourth church office, each would have been explicitly mentioned by Paul. This rejects the practice of hierarchical offices in the Episcopal tradition, where regional bishops (archbishops) have higher authority over local church bishops, and these over other ministers (clergy) within each congregation. And it rejects too the practice of different orders of bishops in the Presbyterian tradition, of ruling elders who have authority in the church but do not teach (presbyters), and a second tier of teaching elders (pastors, ministers) within each congregation.

The principle of independence is critical to congregationalism, too. This means recognizing the full competency of every distinct church to manage, without appeal, its own affairs.<sup>332</sup> A related precept of congregationalism is that church governance does not rest exclusively or even primarily with the officers but with the officers and congregation jointly.<sup>333</sup>

It can readily be seen that these broad church governance models align well with Plato’s and Aristotle’s classifications (see table 2.15).

**Table 2.15: Summary of Models of Church Governance (Ecclesiastical Polity)**

Church Governance Models	Who Holds Power? (i.e., degree of power distance?)	Relationship to Classical Greek Governance Models
Episcopacy	Individuals (rule of one) to Groups (rule of few)	Monarchy — Aristocracy
Presbyterianism	Groups (rule of few) to All Congregants (rule of many)	Aristocracy — Democracy

<sup>331</sup> Wardlaw, *Congregational Independency*, 139.

<sup>332</sup> Wardlaw, *Congregational Independency*, 223.

<sup>333</sup> Wardlaw, *Congregational Independency*, 225.

Congregationalism	All Congregants (rule of many)	Democracy
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Episcopacy and Presbyterianism may both be thought of as forms of aristocracy—the rule of few—although episcopacy is closer to a monarchy; in most episcopal denominations, the highest bishop has almost monarchical powers. Presbyterianism is also a hybrid: ultimate control is democratic, in the hands of the congregants, but effective governance authority lies with the presbyters. Congregationalism is closest to a governance model of democracy, but it too has elements of the rule of few in church, district, and denominational councils and leaders.

### **What Are the Primary Models of Organizational Governance?**

Organizational (or corporate) governance models are the different frameworks, structures, processes, and relationships by which the organization is governed. Social sciences of all stripes flourished from the Enlightenment on, each of which helped to shape modern organizational and governance theory.<sup>334</sup>

Corporations and parallel forms of social organization (e.g., universities, societies, clubs, and associations) emerged from the Renaissance in the fifteenth to the seventeenth centuries. They naturally drew their structure from pre-existing forms of government, church and secular governance.

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<sup>334</sup> It is not within the scope of this thesis to conduct a literature review of organizational theory, a vast and diverse body of work. Where major strands or concepts from organizational theory impact organizational governance, these will be identified and drawn on.

The leaders of the Reformed Church were largely successful in their efforts to separate church and state, and one (probably unintended) consequence was that the discourse on state governance models was relegated to a secondary or fallen level. To most people, it was not even conceivable that a secular governance system could be virtuous; in fact the secular world was seen as evil and without purpose.<sup>335</sup>

A major theme of the Middle Ages and Reformation was the rule of law for a moral purpose. Law was typically defined as “a rule of action regarding the common good,” and both Augustine and Thomas Aquinas articulated and championed law both as a benefit and a requirement, as a virtuous counterbalance to rein in absolute monarchical power. Aquinas favors constitutional monarchy as the preferred system of governance.<sup>336</sup>

Machiavelli, Spinoza, and Hobbes deconstructed Plato and Aristotle, variously rejecting the virtuous aims or purpose of secular governance. Machiavelli focused on how a tyrant (“The Prince”) could gain and hold power; Spinoza introduced the primary idea of social contract, the state’s role being to use its power to secure peace or order; Hobbes “regards man as aiming, not at an ‘end’ of virtuous living, but at mere life.”<sup>337</sup>

Modern corporate governance reform is based largely on agency theory and the agency/reform governance model is derived from this. Principle-agent, or agency theory, briefly outlined earlier (Adam Smith; Ira Millstein), is an economic theory that points out that “agency costs” arise because of the separation of ownership and control

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<sup>335</sup> Barker, *Political Thought of Plato and Aristotle*, 500.

<sup>336</sup> Barker, *Political Thought of Plato and Aristotle*, 500-508.

<sup>337</sup> Barker, *Political Thought of Plato and Aristotle*, 516-18.

in corporations.<sup>338</sup> The assumption (of Adam Smith originally) is that human beings are bounded rationally, self-interested, and prone to opportunism. In corporations this means that managers may tend to use the corporation to act in their own self-interest rather than the interests of the owners or broader economic or societal interests.

“Agency” costs occur when the capital of the owners are applied by managers (“agents”) to purposes other than those that benefit the owners.<sup>339</sup>

The agency (alternatively labeled “reform,” “hierarchical,” “costs,” or “independent”) model of governance therefore focuses on the importance of the board and governance system being independent from management, drawing a clear distinction (often called “the bright line”) between the governance system, for which the board is responsible, and the operational system led by the agents/management) in the corporation. Since 1992, the agency/reform model of governance has dominated guidelines, codes, and regulations around the world, and, as previously stated, especially in the English-speaking countries that tend to follow an Anglo-Saxon (or Anglo-American) organizational, and so corporate governance, theory: maximizing economic value through the operation of open markets in goods and services, capital and labor, where shareholder value is often used as a proxy for economic value (especially in the United States). The agency/reform model of governance has been championed by the Cadbury Committee and its successors (e.g., FRC) in the United Kingdom, by Millstein and Sarbanes-Oxley in the United States, by the Dey Committee in

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<sup>338</sup> Fama and Jansen, “Separation of Ownership and Control,” 301-25.

<sup>339</sup> Millstein and MacAvoy, “Active Board of Directors and Performance of the Publicly Traded Corporation,” 1295, cited in Brown and Brown, *Success in the Boardroom*, 1.

Canada, the Peters Committee in the Netherlands, the King Committee in South Africa, and many more. The independence championed in this organizational governance model extends to the audit (audit committee, internal and external auditors) and compensation (compensation committee, compensation firm) functions of the governance system, and in many cases to the board leadership (independent non-executive chair, audit and compensation committee chairs).<sup>340</sup>

A predecessor of the reform model of governance, also derived from agency theory, is policy governance.<sup>341</sup> Introduced in the 1970s, policy governance was perhaps the first complete model for corporate governance, and while it has been largely displaced in corporations by other models, it still holds some sway in the MUSH sector (municipalities, universities, schools, and health care.) Its key ideas include:

- the board governing on behalf of the owners, who are not seated at the board table;<sup>342</sup>
- the board should think of itself as a downward extension of the owners, not an upward extension of management;
- the board speaks with one voice, so policy governance limits officers and committees;<sup>343</sup>
- the board has one employee, the CEO;
- “ends” determination is the pivotal duty of governance.<sup>344</sup>

Juxtaposed with these board-centric governance models is the managerial hegemony model of governance. This argues that owners and board members do not have the capacity to effectively govern a complex modern corporation. Because of the

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<sup>340</sup> The agency or reform model of governance is described best by Millstein and MacAvoy, Cadbury and Dey, and this section summarizes and integrates their writings.

<sup>341</sup> Policy governance was developed by, and is the intellectual property of, John Carver and Miriam Mayhew Carver.

<sup>342</sup> Carver and Carver, *Basic Principles of Policy Governance*, 1.

<sup>343</sup> Carver and Carver, *Basic Principles of Policy Governance*, 4.

<sup>344</sup> Carver and Carver, *Basic Principles of Policy Governance*, 11.

high levels of uncertainty (“change is the only constant”), traditional organizational and governance theories based on assumptions of bounded rationality and opportunism, and their models based on reducing transaction costs and agency costs, are less valid. The greater the level of uncertainty, the more difficult it is to use contracts and other market forms of governance, and the more likely hierarchical governance will be adopted.<sup>345</sup> Control is therefore ceded to a professional managerial class.<sup>346</sup> Managers directly govern (direct and control) the organization; the board’s role is relegated to an advisory and legal one only.

The stewardship model of governance is also opposed to agency governance, but for a different reason: stewardship theory questions the assumption that managers will not act in the owners’ interests; it argues instead that most managers want to be good stewards of the owners’ capital.<sup>347</sup> In the stewardship governance model, then, the board’s role is to act collaboratively with management, as partners or co-stewards in the governance of the organization, rather than independently ensuring control and compliance.<sup>348</sup> In the stewardship model, board members are selected primarily because of their expertise and skills to assist management and the organization.<sup>349</sup>

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<sup>345</sup> Jay B. Barney and Woonghee Lee, “Governance Under Uncertainty: Transaction Costs, Real Options, Learning, and Property Rights,” paper presented at the 1998 DRUID [Danish Research Unit for Industrial Dynamics] Summer Conference: Competence, Governance, and Entrepreneurship.

<sup>346</sup> Chris Cornforth, “Making Sense of Co-operative Governance: Competing Models and Tensions,” *Review of International Co-operation* 95, no. 1 (2002): 51–57.

<sup>347</sup> M. M. Muth and L. Donaldson, “Stewardship Theory and Board Structure: A Contingency Approach,” *Corporate Governance* 6, no. 1 (1998): 5–28.

<sup>348</sup> Cornforth, “Making Sense of Co-operative Governance,” 51–57.

<sup>349</sup> Cornforth, “Making Sense of Co-operative Governance,” 51–57.



Resource dependence theory argues that a fundamental feature of organizations is that they interact with and are dependent on their environment, and therefore the primary role of the board in this model is to co-opt external threats by establishing strong relationships with key stakeholders (e.g., suppliers, creditors, employees, customers) to ensure the continued flow of essential resources into the firm.<sup>350</sup> This can be viewed as a form of the stewardship model.

In the democratic model of governance, board members are elected primarily because of their affinity and loyalty to act in the interests of the owners. This is known as a “lay” or “non-professional” board and presumes that virtually any owner or member is qualified to govern, unlike the “skills-based” or “professional” board called for in the stewardship model.<sup>351</sup> As in agency models, the democratic model calls for the board to be independent from management, but the balance of power is shifted more toward the owners: the election process, and in particular the accountability of the board members to the electorate and to act in the owners’ interests, is paramount.

The stakeholder model of governance takes this further: an organization is expected to act in broad societal interests, not just in the interests of a single group.<sup>352</sup> The stakeholder model of governance is more common in places like Continental Europe and Japan, where the cultural and traditional view is that corporations and other forms of social organization exist to advance and protect the interests of society, communities,

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<sup>350</sup> J. Pfeffer and G. R. Salancik, *The External Control of Organizations: A Resource Dependence Perspective* (New York: Harper & Row, 1978).

<sup>351</sup> Cornforth, “Making Sense of Co-operative Governance,” 51-57.

<sup>352</sup> Will Hutton, *Stakeholding and Its Critics*, Choice in Welfare 36 (London: The Institute of Economic Affairs, 1997).

and the state. In many of these regions, market economics and the Anglo-Saxon theory of the firm and governance are viewed with some skepticism, the risk being that markets and corporations may end up acting in much narrower interests, of the shareholders or other special-interest groups.

In the stakeholder governance model, therefore, the board is drawn more widely from a range of its stakeholders (often termed a “constituent” or “representative” board) and is expected to sort out their diverse interests and govern the corporation in that direction.

While these are the primary models of corporate governance, many others have articulated or proposed alternatives, which are mostly variants and hybrids.

Some of these are essentially reframing modern organizational or management theories (a study of which is beyond the scope of this work): for example, a network governance model reflects a matrix-management or cross-functional team approach to management, rather than a traditional hierarchical approach; and a disruptive or generative governance model reflects organizational theory of adaptive and disruptive leadership and emergent strategy.<sup>353</sup>

Bureaucratic governance models use authority and rules to resolve problems of ambiguity and are most effective when the need for goal congruence increases. But

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<sup>353</sup> See H. Hung, “A Typology or Theories of the Roles of Governing Boards,” *Corporate Governance* 6, no. 2 (1998): 101-11; B. Tricker, “Editorial—Corporate Governance—The Subject Whose Time Has Come,” *Corporate Governance* 8, no. 4 (2000): 289-96; and T. B. Folta and M. J. Leiblein, “Technology Acquisition and the Choice of Governance by Established Firms: Insights from Option Theory in a Multinomial Logit Model,” in *Best Papers Proceedings: Academy of Management*, ed. Dorothy Perrin Moore (Madison, WI: OmniPress, 1994), 27–31, which argues for integrating hierarchical governance models suited to uncertainty with non-hierarchical governance models suited to opportunism and cost control.

when performance ambiguity reaches extremely high levels and when trust in external stakeholders or markets declines (e.g., the effect of corruption and crime), clan governance models can be the most efficient. In this case, neither market nor bureaucratic governance models work, because they cannot ensure employee efforts will be directed to organizational goals; instead, a people or family culture of shared values and beliefs to effect cooperation will survive and succeed. Arguably the high costs of clan governance are not warranted when ambiguity is at anything other than very high levels.<sup>354</sup>

When one reviews the literature on governance models, both organizational governance models and their predecessor governance and ecclesiastical polity models, these lend themselves to being grouped and differentiated by where they are situated on a small number of dimensions.

#### *Power-sharing Dimension*

Power sharing moves from individuals (the rule of one) through groups (the rule of few) to all citizens (the rule of many) to everyone (the rule of all).<sup>355</sup> This dimension is the earliest level of classification for governments (monarchy, aristocracy, citizens' democracy, liberal or social democracy) and for church polity/governance (episcopacy, presbyterian, congregational). In the culture and organizational literature, this is variously called centralization versus decentralization or empowerment, power distance, or span of control. All the Greek writers viewed centralized authority as

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<sup>354</sup> W. G. Ouchi, "Markets, Bureaucracies, and Clans," *Administrative Science Quarterly* 25, no. 1 (1980), 129.

<sup>355</sup> Developed from Barker, *Political Thought of Plato and Aristotle*, 170-75, citing the writings of Herodotus, Xenophon on Socrates, Plato, and Aristotle.

preferable, because they saw it as more effective in exerting authority, but they also all acknowledged its central risk: “The monarch is liable to the intoxication of power, and falling into insolence and a jealousy of all merit, he becomes a tyrant.”<sup>356</sup> In fact they devoted many pages to how this might be mitigated. But power sharing has its own downside, Plato pointing out that “equality opposed harmony,”<sup>357</sup> in other words the rule of many has practical challenges in achieving order and peace in a cohesive, effective way.

### *Moral Dimension*

The moral dimension is “the extent to which individuals act on their own behalf versus in the interests of the group.”<sup>358</sup> The Greek writers termed this virtue or vice, moral or perverted, the degree to which decisions are made in the selfish interest of some (typically the governors) versus the broader interest of the group (public, community, or stakeholders’ interest). Aristotle championed this second level of classification, based on whether “government is unselfish, because it pursues a moral purpose [‘normal’], and the ‘perversion,’ in which the government is corrupt, because it fails to pursue such an aim.”<sup>359</sup> Calvin’s purpose of secular government is “to benefit,

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82. <sup>356</sup> Barker, *Political Thought of Plato and Aristotle*, 173, quoting from Herodotus, book 3, pp. 80-

<sup>357</sup> Barker, *Political Thought of Plato and Aristotle*, 169, citing Plato’s *Politicus*.

<sup>358</sup> House et al., eds., *Culture, Leadership, and Organizations*, 438.

<sup>359</sup> Lloyd, *Aristotle*, 254; Barker, *Political Thought of Plato and Aristotle*, 311, based on Aristotle’s *Politics*.

sustain and protect the people.”<sup>360</sup> In the culture literature this dimension is called collectivism versus individualism.

### *Intellectual Dimension*

The intellectual dimension is the level of knowledge, education, and capacity of individuals (their merit). As Herodotus’s famous original argument against democracy went, “But the people do not know, for they have never been taught, what is fitting and proper; they can be more tyrannical than the worst tyrant.”<sup>361</sup> This was an element of Plato’s and Aristotle’s classifications and assessments, although Aristotle generally grouped these two (the latter dimension and this one) as “moral and intellectual virtue.” In the culture literature this dimension aligns with performance orientation (the extent to which a community encourages and rewards innovation, high standards, and performance improvement), as well as with the cultural preference for expert power, where power is derived from one’s technical expertise, special knowledge or skill.

### *Risk Dimension*

The risk dimension is “the extent to which ambiguous situations are threatening to individuals, to which rules and order are preferred, and to which uncertainty is tolerated in a society.”<sup>362</sup> The Greek writers called this courage versus temperance, in modern thought, “governmental functioning always depends upon some combination of

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<sup>360</sup> Brown, “Church Governance,” 4, based on McGrath, *Reformation Thought*, 20.

<sup>361</sup> Barker, *Political Thought of Plato and Aristotle*, 173, quoting from Herodotus, book 3, pp. 80-82.

<sup>362</sup> House et al., eds., *Culture, Leadership, and Organizations*, 602.

consent and constraint.”<sup>363</sup> This will reflect itself in the degree to which organizations are required to follow prescribed laws and rules or are free to select their own practices. Plato termed this constitutionalism versus caprice, and it was one of his fundamental levels of classification: he warned that “constitutionalism opposed flexibility.”<sup>364</sup> In the culture literature (reviewed earlier) this is called “uncertainty avoidance” or tolerance for ambiguity.

In corporate governance and organizational literature, this dimension is variously termed flexibility versus consistency, prudential versus prescriptive, risk aversion versus risk-taking appetite, and “rules-based” versus “principles-based.” In a prescriptive or rules-based approach, a central authority (e.g., legislative body, regulator, etc.) delineates limits and permitted practices; in a prudential or principles-based approach, the institution (corporation, organization) chooses its own practices within a framework of generally accepted principles.<sup>365</sup>

The choice of approach has tremendous implications for an organization’s governance, and in fact the degree to which the organization may choose or must follow governance practices and a governance model. The incorporating statute may be prescriptive or enabling; prescriptive legislation means that unless a practice is permitted, it is prohibited; enabling legislation means that unless a practice is prohibited, it is permitted. The same thing applies to regulations, including governance standards and by-laws.

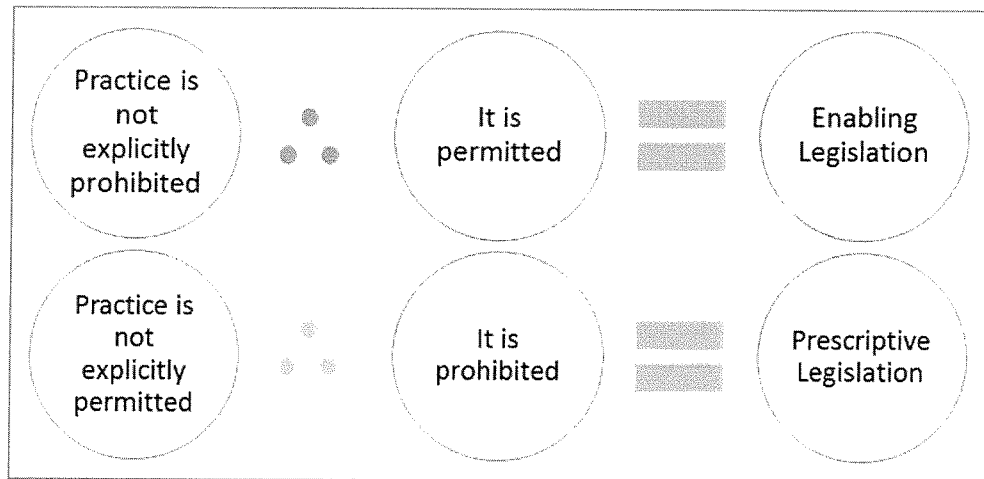
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<sup>363</sup> *New Encyclopaedia Britannica*, 5:393.

<sup>364</sup> Barker, *Political Thought of Plato and Aristotle*, 169, citing Plato’s *Politicus*.

<sup>365</sup> Brown and Brown literature review research for Bank Negara Malaysia for the Financial Institution Director Education (FIDE) program.

**Figure 2.12: Enabling and Prescriptive Legislation**



During the 1980s and 1990s, there was a groundswell shift away from traditional prescriptive approaches to more enabling, principles-based prudential approaches. The leading example is probably financial regulation, where iterations of international (Basel Accords of the BIS [Bank for International Settlements]) and national financial regulation moved more and more delegation of governance authority from central authorities to individual institutions. Since the widespread effects of the global financial crisis of 2008, however, this trend has been questioned, stemmed, and in some cases reversed.

There is a great deal of literature and active debate on the subject of rules-based versus principles-based regimes, not only in the practice of governance but also in other social science fields such as accounting, financial reporting, and the regulation of

financial intermediation (banking and insurance).<sup>366</sup> In many ways, this debate is much like that of the “law” versus “grace” debate.

In corporate governance, regimes that follow a principles-based approach, such as the United Kingdom and Canada, use a “comply or explain approach” to governance models in the firm. Simply put, compliance is voluntary but disclosure is mandatory. Organizations are largely free to choose their own preferred governance model, and therefore which governance practices they will adopt, but they must disclose to their investors and lenders (and often other stakeholders, too) these choices, explaining why they have chosen not to comply with a governance code guideline where relevant.

In practice, most jurisdictions are in fact a hybrid between principles-based and rules-based approaches, with a core set of governance standards (“rules”) put in place where “red line” boundaries are seen as non-negotiable by central authorities, and then governance guidelines (“principles,” “code”) put in place to guide organizations in their choice of governance practices.

Returning to this fourth dimension of governance models, then, principles are actually a midpoint on this dimension, with anarchy or caprice at the opposite extreme to rigid rules: as Plato said, “Better the rule of a principle, even if it be rigid, than no

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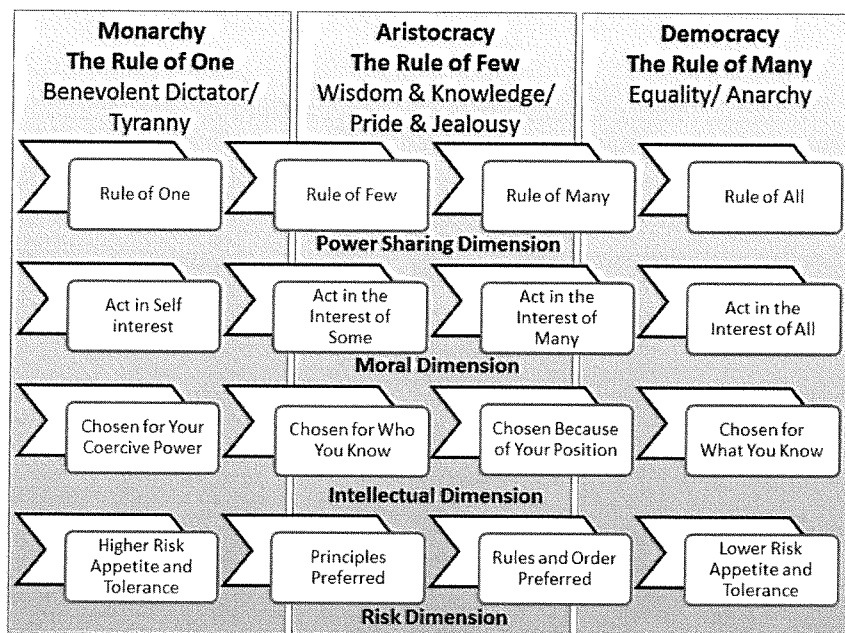
<sup>366</sup> See, for example, the G30’s *A New Paradigm: Financial Institution Boards and Supervisors* (2013) and *Toward Effective Governance of Financial Institutions* (2012)—discussions among the supervisory and financial stability board community in leading economies, [http://www.group30.org/rpt\\_66.shtml](http://www.group30.org/rpt_66.shtml), and Canada’s OSFI *Corporate Governance Guideline* for federally regulated financial institutions (2013), accessed March 31, 2016, [http://www.osfi-bsif.gc.ca/Eng/fi-if/rg-ro/gdn-ort/gi-lld/Pages/CG\\_Guideline.aspx](http://www.osfi-bsif.gc.ca/Eng/fi-if/rg-ro/gdn-ort/gi-lld/Pages/CG_Guideline.aspx).



principle at all, even if that means flexibility; but granted the presence of a principle, better that it should act freely, than it should act stiffly and by rule.”<sup>367</sup>

Figure 2.13 illustrates where each of the main polity governance models is situated on these dimensions.

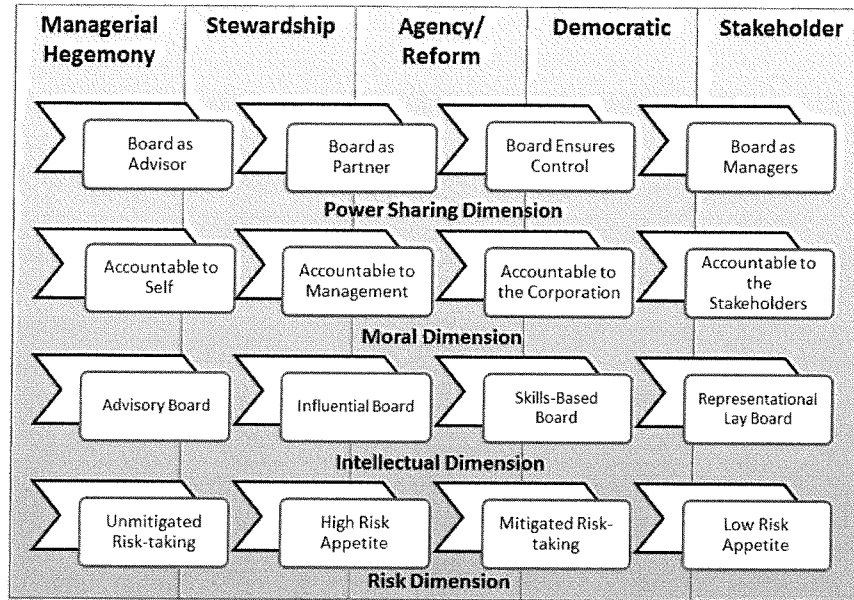
**Figure 2.13: The Conceptual Underpinning of Polity Governance Models**



And in figure 2.14, the main organizational governance models are shown, with an indication of where each is situated on these dimensions.

<sup>367</sup> Barker, *Political Thought of Plato and Aristotle*, 170, based on Plato's *Republic* and *Politicus*.

**Figure 2.14: The Conceptual Underpinning of Organizational Governance Models**



This illustration is based on the summary in table 2.16 of where each organizational governance model is situated on each dimension.<sup>368</sup>

**Table 2.16: Summary of Organizational Governance Models by Dimension**

Governance Model	Power Sharing Dimension	Moral Dimension	Intellectual Dimension	Risk Dimension
Agency/Reform (Market; Costs)	Mid	Mid-High (economic interests)	Mid	Mid (principles)
Agency/Policy	Low-Mid	"	"	
Managerial Hegemony (Hierarchical)	Very Low	Low	High (managers)	Low
Stewardship/Resource Dependence	Mid-High	Low	High (board)	Low-Mid

<sup>368</sup> The table includes a larger number of organizational governance models; the illustration focuses on the five main models.

Democratic (Owners)	High	Mid (owners' interests)	Low	Higher
Stakeholder (Societal; Constituents)	Highest	High (societal interests)	Lowest	Higher
Bureaucratic	Low		Mid-High	Lower (rules)
Clan	Mid-High	High	Low	Lowest

### **What Are the Foundational Principles of Governance?**

While the secular literature deduces and derives principles from humankind's development of and experimentation with governance, a faith-based perspective would start instead with the Creator and expect to be able to explicitly identify principles from God that humankind would benefit from applying. That has been the author's approach, identifying fundamental principles of governance from God and from the very beginning. These "Garden Principles" are defined and described in detail, including their source in the opening chapters of Genesis, in the biblical/theological chapter and are summarized here:

- Stewardship: means to be entrusted with the care and oversight of resources that do not belong to one—the concept is that the stewardship of those resources will lead to the benefit of both the resources and the owner.
- Leadership: is to rule, lift, or carry something (whether a burden or the hopes of others) with a significant sense of the meaning of leadership to guide and teach others to know and understand things they would otherwise not have known.
- Authority: means to have right to rule, control, govern, and decide about everything one has stewardship over.
- Accountability: means that one is answerable for how well one has led or carried through on the stewardship of those things he or she has been given authority over.
- Accomplishment: means to bring something to its rightful completion, a completion that includes the producing of results.
- Measurement: means that there are standards one will be measured against.

- Communication: is a two-way street. It means listening to fully perceive and understand what is heard and acting on and speaking out in appropriate ways based on that understanding.
- Integrity: means completeness—in every part—perfect and without blemish or blame in entirety.
- Continuous Learning: is a process of active discovery.
- Growth: means to have the expectation of increase and blessing.
- Justice: means to enact both the letter and the spirit of the law—to judge a matter just while being fair in the treatment of others and in the application of the law.
- Service: means to be actively engaged in laboring in the service of God and others.

These principles are listed in the first column of table 2.17, which compares these side by side with governance principles drawn from the secular literature review, demonstrating that humankind's principles of governance over the centuries mirror and align with the original principles from creation.

The classical Greek philosophers, Plato and Aristotle in particular, outlined their principles for good government—governance—in their writings. Interestingly, neither was moved by the number of people in power as a principle itself; they saw no inherent strength or weakness in the rule of one, the rule of few, or the rule of many. Rather, the implications of smaller versus larger numbers of people in power was what they evaluated.

Both argued for “equality” as a central principle but also countered that this was in constant tension with “harmony.” This was a major part of their rationale that democracy is the weakest form of constitutional (or virtuous) governance; in fact its

tendency is to decay into anarchy (loss of harmony and order as a result of overreliance on equality).<sup>369</sup>

Their other major objection to democracy was “ignorance,” which lies opposed to “knowledge” or “wisdom.” While they both allowed that “education” was both a beneficial and needful step to instill a degree of knowledge or capacity in governors (citizens), they argued that monarchy and aristocracy governance models had governors of greater merit and wisdom than the most educated masses. In fact, “merit” was the principle that gave aristocracy its strength.<sup>370</sup>

Aristotle’s overriding principle was “virtue,” governance having a moral aim, acting for the good of the community and not for selfish purposes. This was the great risk of monarchy, and in fact of all systems of governance, that individual governors would turn away from moral virtue to vice and corruption, driven by self-interest and pride.<sup>371</sup>

Plato’s solution was the rule of “law,” putting in place some rules that even monarchial and aristocratic governors are expected to respect and follow. He certainly preferred principles to rules but acknowledged that a minimal set of rules are needed in case of unprincipled governors. Both also acknowledged that this was not a panacea, that malevolent governors would be likely to breach the rule of law.<sup>372</sup>

Cadbury agreed; he much preferred principles but acknowledged the role of rules:

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<sup>369</sup> Barker, *Political Thought of Plato and Aristotle*, 169-72, 310-17.

<sup>370</sup> Barker, *Political Thought of Plato and Aristotle*, 169-72, 310-17.

<sup>371</sup> Lloyd, *Aristotle*, 267.

<sup>372</sup> Barker, *Political Thought of Plato and Aristotle*, 175.

The principles on which the Code is based are those of openness, integrity and accountability. They go together. Openness on the part of companies, within the limits set by their competitive position, is the basis for the confidence which needs to exist between business and all those who have a stake in its success. The integrity of reports depends on the integrity of those who prepare and present them.<sup>373</sup>

The Cadbury Committee Report outlines their rationale for this approach: “We believe that our approach, based on compliance with a voluntary code coupled with disclosure, will prove more effective than a statutory code. It is directed at establishing best practice, at encouraging pressure from shareholders to hasten its widespread adoption, and at allowing some flexibility in implementation.”<sup>374</sup> Cadbury cautioned,

We recognise, however, that if companies do not back our recommendations, it is probable that legislation and external regulation will be sought to deal with some of the underlying problems which the report identifies. Statutory measures would impose a minimum standard and there would be a greater risk of boards complying with the letter, rather than with the spirit, of their requirements.<sup>375</sup>

The FRC explains this concept more thoroughly:

It is recognised that an alternative to following a provision may be justified in particular circumstances if good governance can be achieved by other means. A condition of doing so is that the reasons for it should be explained clearly and carefully to shareholders, who may wish to discuss the position with the company and whose voting intentions may be influenced as a result. In providing an explanation, the company should aim to illustrate how its actual practices are both consistent with the principle to which the particular provision relates and contribute to good governance.<sup>376</sup>

As the OECD’s successive task forces on corporate governance came to realize, “There is no single model of good corporate governance. However, work carried out in both OECD and non-OECD countries and within the Organisation has identified some

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<sup>373</sup> Cadbury, *Financial Aspects of Corporate Governance*, 15.

<sup>374</sup> Cadbury, *Financial Aspects of Corporate Governance*, 11.

<sup>375</sup> Cadbury, *Financial Aspects of Corporate Governance*, 11.

<sup>376</sup> Financial Reporting Council, *UK Corporate Governance Code*, 4.

common elements that underlie good corporate governance. The Principles build on these common elements and are formulated to embrace the different models that exist.”<sup>377</sup>

The most important principle in contemporary corporate governance codes is the principle of independence—this hearkens back to Aristotle’s three-way division of functions in government (judicial, deliberative, and executive) and to Luther’s and Calvin’s separation of church and state. As Cadbury explains, “There should be a clearly accepted division of responsibilities at the head of a company, which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision . . . it is essential that there should be a strong and independent element on the board.”<sup>378</sup>

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<sup>377</sup> Organization for Economic Co-operation and Development, *OECD Principles of Corporate Governance*, 13.

<sup>378</sup> Cadbury, *Financial Aspects of Corporate Governance*, 20-21.

Table 2.17: Comparing Early and Modern Principles of Governance

The “Garden Principles” Applied to Governance <sup>379</sup>	Plato’s and Aristotle’s Principles of Governance <sup>380</sup>	Ecclesiastical Polity <sup>381</sup>	Cadbury Code <sup>382</sup>	OECD Principles of Corporate Governance <sup>383</sup>	Carver’s Policy Governance <sup>384</sup>
Stewardship: Being a steward means to be entrusted with the care and oversight of resources that do not belong to you—the concept is that the stewardship of those resources will lead to the benefit of both the resources and the owner.	Acting for the good of the community, not self-interest.	<i>Episcopos</i> role of oversight.	All directors are responsible for the stewardship of the company’s assets.	The board should be able to exercise objective independent judgment on corporate affairs.  The board has a duty to act in the best interests of the company and its shareholders.	The trust in trusteeship: the board governs on behalf of people who are not seated at the board table.
Leadership: To be a leader is to rule, lift, or carry something (whether a burden or	Consent: of subjects to the rule of governors.	<i>Presbyter</i> role of elder, to rule. Whether episcopal,	The responsibilities of the board include providing	The corporate governance framework should ensure	A board must explicitly design its own products and process.

<sup>379</sup> Debra L. Brown, *The Garden Principles*, Research Report (Toronto: Professional Director, 1991-2013), 2-4.

<sup>380</sup> Barker, *Political Thought of Plato and Aristotle*, 169-75, 310-17; Lloyd, *Aristotle*, 254-70.

<sup>381</sup> Seabury, *Introduction of the Study of Ecclesiastical Polity*, and other sources cited in the relevant section of this chapter.

<sup>382</sup> Cadbury, *Financial Aspects of Corporate Governance*, 11, 15, 20.

<sup>383</sup> Organization for Economic Co-operation and Development, *OECD Principles of Corporate Governance*, 17-25.

<sup>384</sup> Carver and Carver, *Basic Principles of Policy Governance*, 1-21.



The “Garden Principles” Applied to Governance <sup>379</sup>	Plato’s and Aristotle’s Principles of Governance <sup>380</sup>	Ecclesiastical Polity <sup>381</sup>	Cadbury Code <sup>382</sup>	OECD Principles of Corporate Governance <sup>383</sup>	Carver’s Policy Governance <sup>384</sup>
the hopes of others) with a significant sense of the meaning of leadership to guide and teach others to know and understand things they would otherwise not have known.		presbyterian or congregational, the church’s leaders are responsible to lead and govern.	the leadership to put strategic aims into effect, and supervising the management of the business.	the strategic guidance of the company.	
Authority: means to have right to rule, control, govern, and decide about everything one has stewardship over.	Flexibility: of governors to exercise discretionary power.	The authority of Christ and of the apostles is transferred and delegated to the leaders of the church (bishops or elders).	There should be a clearly accepted division of responsibilities at the head of a company, which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision.	The corporate governance framework should clearly articulate the division of responsibilities among different supervisory, regulatory, and enforcement authorities.	Board decisions should predominantly be policy decisions.
Accountability: means that people are	Law: governors being responsible,	Ultimately, the church is	Boards of directors are	The corporate governance	The board’s best control over staff

The “Garden Principles” Applied to Governance <sup>379</sup>	Plato’s and Aristotle’s Principles of Governance <sup>380</sup>	Ecclesiastical Polity <sup>381</sup>	Cadbury Code <sup>382</sup>	OECD Principles of Corporate Governance <sup>383</sup>	Carver’s Policy Governance <sup>384</sup>
answerable for how well they have led or carried through on the stewardship of those things they have been given authority over.	expected to comply with a set of rules or laws.	accountable to God. There is clear linear hierarchical accountability in episcopal and presbyterian governance models; the accountability is more of a shared collective in congregationalism.	accountable to their shareholders and both have to play their part in making that accountability effective.	framework should ensure the board’s accountability to the company and the shareholders.	“means” is to limit, not prescribe.
Accomplishment: means to bring something to its rightful completion, a completion that includes the producing of results.	End: governance has a purpose and aim that guides everything governors do.	Luther’s spiritual kingdom’s purpose is to establish and sustain faith; the secular kingdom to bring about peace and prevent evil deeds. Calvin’s purpose of secular government is “to benefit, sustain,	The responsibilities of the board include setting the company’s strategic aims.	The board should review and guide corporate strategy, major plans of action, risk policy, annual budgets and business plans, and setting performance objectives.	Ends determination is the pivotal duty of governance.

The “Garden Principles” Applied to Governance <sup>379</sup>	Plato’s and Aristotle’s Principles of Governance <sup>380</sup>	Ecclesiastical Polity <sup>381</sup>	Cadbury Code <sup>382</sup>	OECD Principles of Corporate Governance <sup>383</sup>	Carver’s Policy Governance <sup>384</sup>
		and protect the people.”			
Measurement: means that there are standards one will be measured against.	Merit: of governors to earn the right to govern through their capacity.	Churches are measured against God’s calling and standards.	All directors have a monitoring role and are responsible for ensuring that the necessary controls are in place and working.	The corporate governance framework should ensure the effective monitoring of management by the board.	Performance of the CEO must be monitored rigorously, but only against policy criteria.
Communication: is a two-way street. It means listening to perceive fully and understand what is heard and acting on and speaking out in appropriate ways based on that understanding.		Each model of ecclesiastical polity reflects principles of two-way communication, between God and the church, and between the church’s leaders and people.	Openness on the part of companies, within the limits set by their competitive position, is the basis for the confidence which needs to exist between business and all those who have	The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation,	The board speaks with one voice or not at all.

The “Garden Principles” Applied to Governance <sup>379</sup>	Plato’s and Aristotle’s Principles of Governance <sup>380</sup>	Ecclesiastical Polity <sup>381</sup>	Cadbury Code <sup>382</sup>	OECD Principles of Corporate Governance <sup>383</sup>	Carver’s Policy Governance <sup>384</sup>
			a stake in its success.	performance, ownership, and governance of the company.	
Integrity: means completeness—in every part—perfect and without blemish or blame in entirety.	Virtue: acting in a morally upright fashion, with moral virtue being an end in itself, not just a means.  Harmony: order and balance in governing.	The church itself is universal (“catholic”), a unitary whole.	Integrity means both straightforward dealing and completeness. Reporting should be honest and present a balanced picture of the state of the company’s affairs. The integrity of reports depends on the integrity of those who prepare and present them.	The corporate governance framework should promote transparent and efficient markets.	Boards should formulate policy by determining the broadest values before progressing to more narrow ones.
Continuous learning: a process of active discovery.	Knowledge: wisdom and capacity	Congregationalism recognizes the full competency of	Directors should all undertake some form of	Board members [should] acquire appropriate skills	

The “Garden Principles” Applied to Governance <sup>379</sup>	Plato’s and Aristotle’s Principles of Governance <sup>380</sup>	Ecclesiastical Polity <sup>381</sup>	Cadbury Code <sup>382</sup>	OECD Principles of Corporate Governance <sup>383</sup>	Carver’s Policy Governance <sup>384</sup>
	developed through education.	each local church to manage its own affairs.	training. It is up to individual directors to keep abreast of their legislative and broader responsibilities.	upon appointment, and thereafter remain abreast of relevant new laws, regulations, and changing commercial risks through in-house training and external courses.	
Growth: means to have the expectation of increase and blessing.		All models of ecclesiastical polity are driven by God’s call to grow and multiply, through a combination of evangelism and edification.	Boards must be free to drive their companies forward but exercise that freedom within a framework of effective accountability.	The corporate governance framework should encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.	

The “Garden Principles” Applied to Governance <sup>379</sup>	Plato’s and Aristotle’s Principles of Governance <sup>380</sup>	Ecclesiastical Polity <sup>381</sup>	Cadbury Code <sup>382</sup>	OECD Principles of Corporate Governance <sup>383</sup>	Carver’s Policy Governance <sup>384</sup>
Justice: means to enact both the letter and the spirit of the law—to judge a matter just while being fair in the treatment of others and in the application of the law.	Equality: favoring no group over others.	Calvin’s system of government at its core focused on the equitable application of divine law in civil matters. All models of ecclesiastical polity seek fairness and equity (e.g., presbyters having the power and obligation to apply the law fairly).	The board’s actions are subject to laws, regulations, and the shareholders in general meeting.	The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders.  The corporate governance framework should be consistent with the rule of law.	A board should define and delegate, rather than react and ratify.
Service: means to be actively engaged in laboring in the service of God and others.	Respect: of governors for the law and subjects.	<i>Doulos</i> role of service and servanthood.		The corporate governance framework should protect and facilitate the exercise of	A board must forge a linkage with management that is both empowering and safe.

The “Garden Principles” Applied to Governance <sup>379</sup>	Plato’s and Aristotle’s Principles of Governance <sup>380</sup>	Ecclesiastical Polity <sup>381</sup>	Cadbury Code <sup>382</sup>	OECD Principles of Corporate Governance <sup>383</sup>	Carver’s Policy Governance <sup>384</sup>
				<p>shareholders’ rights.</p> <p>The corporate governance framework should recognize the rights of stakeholders established by law or through mutual agreements.</p>	

## **How Are Governance Models Created and Embedded in Organizations?**

Governance structure is typically created and/or embedded in organizations by being internally developed (by its leaders, beginning with its founder(s)) or externally imposed (by the legal framework established by a responsible legal authority). To some extent, one would expect organizational cultures dominated by personality and people power to be more susceptible to governance models being put in place by the founder or other leaders or influencers, while organizational cultures dominated by policy or proficiency power to be more likely to react to and adopt governance structure from external authorities and sources.

When organizations are first formed, the founder or founders have a tremendous influence on the original governance model, whether they do this intentionally or intuitively (for many, the latter). In the for-profit sector, private enterprises often adopt a founder-centric model of governance such as managerial hegemony: in fact, the board may begin as a purely advisory board, but even when it is legally constituted, the founder often seeks to lead in an entrepreneurial way and to sideline the board.<sup>1</sup>

At the opposite end of the spectrum, not-for-profit and voluntary organizations often begin with a group of hands-on volunteers who adopt a stakeholder model of

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<sup>1</sup> The corporate governance literature is full of examples of founder governance models and their pitfalls: Apple and Steve Jobs, Dell and Michael Dell, Blackberry and its co-founders, Corel and Michael Copeland (the last two of these led to securities charges and sanctions). See "Research in Motion (RIM): Governance at Risk!?" case study, NACRA [North American Case Research Association] 2012 Annual Meeting; "Corporate Governance: A Case Study on Apple Inc." Essays from the United Kingdom (accessed March 31, 2016) are accessible at <http://www.ukessays.com/essays/accounting/corporate-governance-a-case-study-on-apple-inc-accounting-essay.php>.



governance, and over time the size of the board balloons as all interested parties are invited to take a board seat. This too has its pitfalls, largely due to a lack of effective separation between the governance and operating systems and functions of the organization, and so a lack of coherent strategy or monitoring of performance.<sup>2</sup>

Plato's and Aristotle's writings are brimming with ideas on how governance models take hold in states and communities. Much of their thinking is anecdotal and philosophical, even metaphysical, rather than empirical, and so is often difficult to apply to current ways of thinking. Aristotle, for one, takes readers through a long journey from the formation of tribes and villages to the modern polity (city-state in most cases.)<sup>3</sup>

Primarily—and in this they would concur with one of their great detractors, Machiavelli—leaders of character emerge and as a result of their efforts and machinations, their favored governance model is put in place.<sup>4</sup>

When new members are being brought on to a board this provides the best opportunity (and threat) to create or embed governance. This is especially true at times when an organization is facing wholesale turnover of its board. As stated in *Classics of Organizational Theory*, “any group with a stable membership and history of shared learning will have developed some level of culture, but a group that has had either

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<sup>2</sup> Authoritative sources on not-for-profit governance discussing these issues include Debra L. Brown and David A. H. Brown, *Optimizing Governance* (Toronto: BGI Publishing, 2008); Deloitte, “The Effective Not for Profit Board: A Value Driving Force,” accessed March 31, 2016, <http://www2.deloitte.com/ca/en/pages/public-sector/articles/effective-not-for-profit-board.html>, and the CICA’s “20 Questions Directors of Not for Profit Organizations Should Ask,” accessed March 31, 2016, <http://www.cica.ca/focus-on-practice-areas/governance-strategy-and-risk/not-for-profit-director-series/20-questions-series/item35592.pdf>.

<sup>3</sup> Lloyd, *Aristotle*, 267.

<sup>4</sup> Barker, *Political Thought of Plato and Aristotle*, 169-72, 310-17, 500-515.

considerable turnover or members and leaders or a history lacking in any kind of challenging events may well lack any shared assumptions.”<sup>5</sup>

The second main way in which governance models are created or embedded in organizations is through external laws or rules. In corporate governance, these laws, the legal framework of governance, take four forms, which can be thought of as a legal hierarchy (see figure 2.15).<sup>6</sup>

First there are laws that govern the conduct of the governors, put in place by government. These include statutory acts enacted by the legislative branch of government, regulations to administer these acts put in place by the executive branch, and court rulings and common law precedents put in place by the judicial branch. Once the founders choose which act and jurisdiction to incorporate in, the corporation must adhere to its statutory duties and responsibilities, including relevant common law rulings, past, present and future (i.e., a future court decision could embed a governance practice or process in a corporation, imposed externally.)

At a second level, the shareholders (owners or members) of a corporation prescribe certain minimum standards, through the articles and bylaws. This level generally deals with the conduct, rights, and functioning of the shareholders or members themselves, including meeting notice and quorum, bylaw amendment, and hard-and-fast rules applying to the organization’s governance. The shareholders may even enter into a Unanimous Shareholders Agreement, common in closely-held and

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<sup>5</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 358.

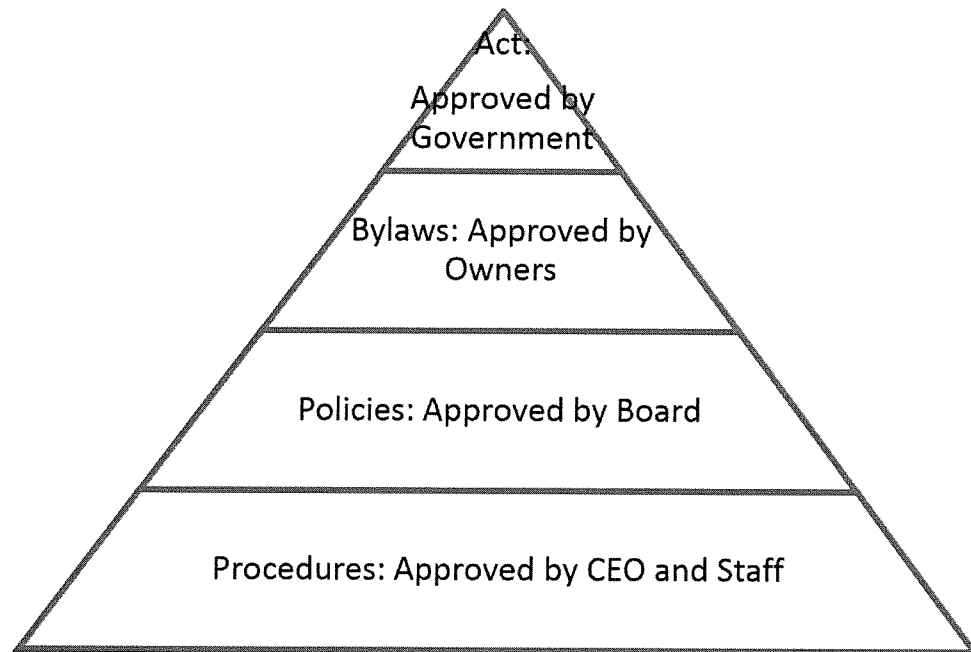
<sup>6</sup> David A. H. Brown and Debra L. Brown, *Governance Arrangements and the Legal Hierarchy*, Research Report (Toronto: Professional Director, 2013), 1-2.

family firms, where limits and constraints are put on decision-making authority in the corporation and its board, and the shareholders themselves agree to a formula to make major corporate decisions.

A third form of corporate governance laws are those that the governors themselves put in place to govern themselves and the organization. These are called policies, and they deal with matters such as the structure of the board, what committees it will use and how, the authority and accountability of the CEO from and to the board, risk tolerances (non-negotiable boundaries governing the outcomes of the organization), and conduct expectations (non-negotiable boundaries governing the activities of the board, CEO, management, staff, and often others in the organization).

The fourth form of corporate governance laws are put in place by the CEO and management to govern the activities, behavior, and outcomes of the organization's management and staff. These are called procedures, or occasionally operating policies.

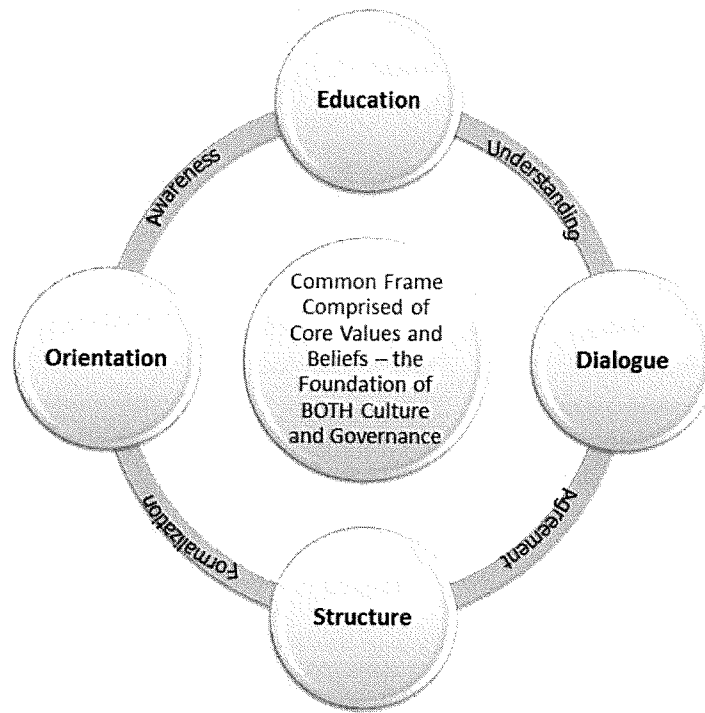
**Figure 2.15: The Legal Hierarchy of Corporate Governance**



Ultimately, the ways in which governance models are created and embedded in organizations parallel the ways in which culture is created and embedded in organizations (outlined earlier in the literature review):

- Structure is put in place to formalize governance arrangements: this begins with, and is often driven by, the external legal framework;
- Orientation: governance model and structure are communicated, typically by the founders or leaders to new participants to create awareness;
- Education and training in governance for participants builds understanding; and
- Dialogue among participants, usually facilitated or led by influencers, in governance arrangements facilitates agreement and buy-in.

**Figure 2.16: Creating and Embedding Governance Models**



## Transformational Governance

Having reviewed the literature on culture and governance broadly, and organizational culture and governance in particular, the next step is to consider transformational governance: whether and how governance can change organizations, transforming dysfunctional organizations into more effective organizations, the measures of success and barriers to change. Perhaps surprisingly, there is a good deal of literature concerning the capacity of governance to transform organizations, but very little on its capacity to transform organizational culture.

### **What Is Transformation?<sup>7</sup>**

The point of this literature review is to assist in building the case for using governance as a tool for transforming organizational culture. In that light, it is of import to be clear on what is meant by transformation in the context of this thesis.

To transform, quite simply, means to change. That transformation, or metamorphose, may evidence itself in any number of ways by a change in form, appearance, nature, condition, composition, structure, or even character.<sup>8</sup> The Oxford Dictionary further defines transformation to mean “a changed form; a person or thing

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<sup>7</sup> This brief section entitled What is Transformation is not intended to be an exhaustive review of the subject. Rather, it is intended as brief overview of the meaning and central attributes of transformation for the purpose of context and setting the stage to explore the thesis of using governance as a tool for transforming organizational culture.

<sup>8</sup> Merriam Webster Dictionary, s.v., “transformation,” accessed July 6, 2011, <http://www.merriam-webster.com>.

transformed.”<sup>9</sup> The Greek ancestor of this English word *transform* is μετασχηματίζω which too means to change (the form of).

The literature is full of theories and typology of change; in many ways the literature on change and change management parallels the developments in organizational theory and leadership. Ackerman distinguishes among three main types of change:<sup>10</sup>

- Developmental—May be either planned or emergent; it is first order, or incremental. It is change that enhances or corrects existing aspects of an organization, often focusing on the improvement of a skill or process;
- Transitional—Seeks to achieve a known desired state that is different from the existing one. It is episodic, planned and second order, or radical. Much of the organizational change literature is based on this type;
- Transformational—Is radical or second order in nature. It requires a shift in assumptions made by the organization and its members. Transformation can result in an organization that differs significantly in terms of structure, processes, culture, and strategy. It may, therefore, result in the creation of an organization that operates in developmental mode—one that continuously learns, adapts, and improves.

Two further distinctions are between planned and emergent change (proactive and reactive; intentional and adaptive), and episodic and continuous change.<sup>11</sup>

In *Leadership*, Burns makes it clear that transformation is not about routine change but is about leaders motivating and inspiring people to reach their full

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<sup>9</sup> Oxford University Press, *Oxford English Dictionary*, s.v. “transformation,” accessed August 9, 2011, [www.oed.com](http://www.oed.com).

<sup>10</sup> L. Ackerman, “Development, Transition, or Transformation: The Question of Change in Organisations,” in *Organization Development Classics*, ed. Donald F. Van Eynde, Judith C. Hoy, and Dixie Cody Van Eynde (San Francisco: Jossey-Bass, 1997).

<sup>11</sup> Debra L. Brown, *Five Types of Change* (Toronto: BGI Publishing, 2002) and “Change Management,” JISC infonet, accessed March 31, 2016, <http://www.jiscinfonet.ac.uk/infokits/change-management/types-change/>.

potential.<sup>12</sup> Bass distinguishes transformation as being about challenging and changing situations, subject matter, assumptions, rules and values, about setting lofty goals and symbolizing them.<sup>13</sup>

As Rendle points out, “Transforming moments call for quite different leadership roles and understandings. Leaders do not just need to make things right. Theirs is the far more difficult role of introducing people to the *new condition* and helping them to learn new ideas, behaviors, and alternatives that are more appropriate to the new condition.”<sup>14</sup>

Rendle offers a change management model based on an adult learning cycle in four steps: 1. Reflect, 2. Connect, 3. Decide, 4. Do . . . which then cycles back on itself.<sup>15</sup> This mirrors the well-known “Plan – Do – Check – Act” (PDCA) of the business literature, introduced in the 1920s by Walter Shewart of Bell Laboratories but popularized by his student, the popular business thinker and writer, W. Edwards Deming, and so this has become known as the Deming Cycle or Deming Wheel (see figure 2.17).<sup>16</sup>

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<sup>12</sup> James McGregor Burns, *Leadership* (New York: Harper & Row, 1978).

<sup>13</sup> Bernard M. Bass, *Leadership and Performance Beyond Expectations* (New York: The Free Press, 1985), chaps. 1 and 2, also discussed in Leighton Ford, *Transforming Leadership* (Downers Grove, IL: InterVarsity Press, 1991).

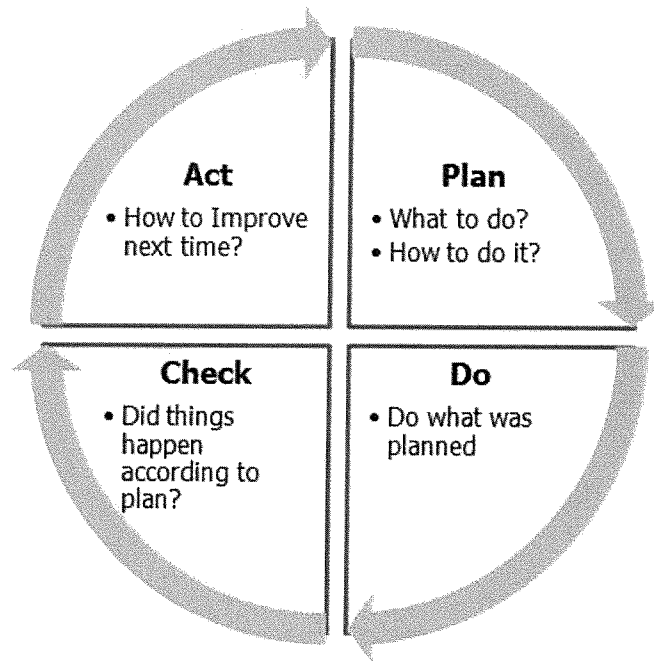
<sup>14</sup> Gilbert R. Rendle, *Leading Change in the Congregation* (Herndon, VA: The Alban Institute, 1998), 41, emphasis added.

<sup>15</sup> Rendle, *Leading Change in the Congregation*, 20.

<sup>16</sup> The W. Edwards Deming Institute, accessed March 31, 2016, [https://www.deming.org/theman/theories/pdsacycle\\_](https://www.deming.org/theman/theories/pdsacycle_)



**Figure 2.17: The Plan—Do—Check—Act Change Cycle**



Many other writers have adopted and adapted this, from Tuckman's Catalytic model (Forming-Storming-Norming-Performing) to Basadur's creative problem solving cycle that goes on to link individual problem-solving styles (Generator – Conceptualizer – Optimizer – Implementer) to the four stages (cycle) of innovative problem solving.<sup>17</sup> *Changing for Good* proposes a six-step process for change that is not dissimilar, including Pre-contemplation, Contemplation, Preparation, Action, Maintenance, and Termination.<sup>18</sup>

Transformational governance, then, is about more than incremental or continuous change; it is about causing a substantive or quantum shift, which typically

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<sup>17</sup> Min Basadur, Basadur Creative, "How We Do It," accessed March 31 2016, <http://www.basadur.com/howwedoit/An8StepProcess/tabid/82/Default.aspx>.

<sup>18</sup> James O. Prochaska, John Norcross, and Carlo DiClemente, *Changing for Good: A Revolutionary Six-Stage Program for Overcoming Bad Habits and Moving Your Life Positively* (New York: HarperCollins, 2007).

calls for a reassessment of assumptions, or culture, to enable and sustain such radical change.

It is through

- understanding what culture and governance are;
- determining the principles that underlie them;
- knowing how they are formed;
- recognizing their functionality and dysfunctionality;
- identifying how they intersect with power drivers and leadership;
- shaping ways to measure the degree of their success; and
- appreciating what is needed to bring about effective and significant change

that one is able to begin the journey toward real transformation.

### **Is There an Optimal Governance Power Structure?**

There is no single right governance model that fits all situations, because each of the dimensions on which governance models are arrayed involves a trade-off between two opposed outcomes—they are in tension with one another. By applying the principles of governance, better informed choices can be made as to the optimal balance on each of these dimensions to deal with the current and emergent situation. The basis of this thesis is that by applying The Garden Principles, governance choices can be made which will positively affect and transform organizational culture.

Examples from the literature of the trade-offs inherent in these tensions and achieving an optimal governance power structure are summarized on table 2.18.

**Table 2.18: Trade-offs Towards an Optimal Governance Power Structure**

<b>Applying The Garden Principles</b>	<b>One Extreme of Dimension or Model</b>	<b>Balance: Optimal Governance Power Structure</b>	<b>Other Extreme of Dimension or Model</b>	<b>Sources in Literature Review</b>
Stewardship and Leadership	Control: the board needs to control senior management (agency model)	The optimal model is a mix of the two, which will be a source of role conflict and tension for board members which they need to proactively and constructively manage.	Collaborate: the board needs to partner with senior management (stewardship model)	Cornforth articulated this assessment of the tensions inherent in competing governance models, what he calls a “paradox perspective.” <sup>19</sup>
Authority and Accountability	Flexibility: a small number of governors (even one) has the most flexibility to govern	The board delegating and delineating clear lines of authority along with clear accountability mechanisms (SMART objectives) <sup>20</sup>	Law: laws are needed to keep their power in check and to encourage them to act in the good of the community.	Plato outlined this tension and trade-off. <sup>21</sup> Aristotle applied his “ethical doctrine of the mean” to argue that “the best

<sup>19</sup> Cornforth, “Making Sense of Co-operative Governance,” 51-57; see also Chris Cornforth, “Understanding the Governance of Non-Profit Organizations: Multiple Perspectives and Paradoxes,” 30th Annual ARNOVA [Association for Research on Nonprofit Organizations and Voluntary Action] Conference, November 29-December 1, 2001, Miami.

<sup>20</sup> The board approving and hold management accountable for Specific, Measurable, Attainable, Resourced, and Timebound objectives (performance targets); see, for example, “SMART Objectives,” accessed March 31, 2016, <http://www.businessdictionary.com/definition/SMART-objectives.html>.

<sup>21</sup> Author’s summary drawn from Plato, *The Republic*, Allan Bloom’s. interpretive essay, 415-18; Barker, *Political Thought of Plato and Aristotle*, 169-75, 310-17, based on Plato’s *Republic* and *Politicus* and Aristotle’s *Politics*.

Applying The Garden Principles	One Extreme of Dimension or Model	Balance: Optimal Governance Power Structure	Other Extreme of Dimension or Model	Sources in Literature Review
				constitution is a mean between two extremes in that in it the power is in the hands of the 'middle class' – that is the citizens who avoid the extremes of wealth and poverty." <sup>22</sup>
Accomplishment and Measurement	Conformance: the board needs to be responsible for conformance, and therefore be risk averse (agency model).	The optimal model is a mix of the two, which will be a source of role conflict and tension for board members which they need to proactively and constructively manage.	Performance: the board needs to be responsible for performance (value added), and therefore be risk takers (stewardship model).	Cornforth articulated this assessment of the tensions inherent in competing governance models, what he calls a "paradox perspective." <sup>23</sup>

<sup>22</sup> Lloyd, *Aristotle*, 255. In this, Aristotle foreshadowed the more recent development of the middle class in size and education, which has shifted preference to more democratic governance models.

<sup>23</sup> Cornforth, "Making Sense of Co-operative Governance," 51–57; see also Cornforth, "Understanding the Governance of Non-Profit Organizations."

Applying The Garden Principles	One Extreme of Dimension or Model	Balance: Optimal Governance Power Structure	Other Extreme of Dimension or Model	Sources in Literature Review
Communications and Integrity	Equality: a large number of governors (even all) is not only “fair” (right of people to have a say in their affairs) but also reduces the risk that one group will be favored over other groups.	The board establishing inclusive stakeholder engagement and open communications protocol with transparent disclosure and reporting	Harmony: the more people involved in governance, the more chaotic the process will be, and decision making (consensus) may become slowed or stalemated	Plato outlined this tension and trade-off. <sup>24</sup> Aristotle tempered Plato’s tension between equality and harmony by arguing for “proportional equality,” equality based on qualities, “especially their moral and intellectual virtue.” <sup>25</sup>
Continuous Learning and Growth	Ignorance: the larger the number of governors, the more risk of a lack of merit (knowledge, wisdom, capacity);	The board establishing and championing a culture of continuous learning and growth, including embracing	Education: a small number of governors (or of a certain class) is more likely to have merit (knowledge, wisdom,	Plato outlined this tension and trade-off. <sup>26</sup> Cornforth calls for a balance between

<sup>24</sup> Author’s summary drawn from Plato, *The Republic*, Allan Bloom’s interpretive essay, 415-18; Barker, *Political Thought of Plato and Aristotle*, 169-75, 310-17, based on Plato’s *Republic* and *Politicus* and Aristotle’s *Politics*.

<sup>25</sup> Lloyd, *Aristotle*, 260-61, quoting Aristotle’s *Politics*.

<sup>26</sup> Author’s summary drawn from Plato, *The Republic*, Allan Bloom’s interpretive essay, 415-18; Barker, *Political Thought of Plato and Aristotle*, 169-75, 310-17, based on Plato’s *Republic* and *Politicus* and Aristotle’s *Politics*.

<b>Applying The Garden Principles</b>	<b>One Extreme of Dimension or Model</b>	<b>Balance: Optimal Governance Power Structure</b>	<b>Other Extreme of Dimension or Model</b>	<b>Sources in Literature Review</b>
	board members who are lay representatives best equipped to serve their constituencies or stakeholders ("lay" or "representative" board: democratic and stakeholder models)	formal director education to meet skills gaps	capacity, education); board members having expertise and experience that can add value to the performance of the organization ("skills-based" board/ stewardship model)	the two approaches to constituting the board and selecting board members. <sup>27</sup>
Justice and Service	Shareholders: board members ought to be accountable to the owners/ shareholders/members (democratic model).	Board members ought to be accountable to the corporation itself (fiduciary duty: agency model) by using their business judgment to balance the diverse interests of owners and other stakeholders.	Stakeholders: board members ought to be accountable to broader stakeholders (stakeholder model): this can create ambiguity, confusion, division, and related tensions	Cornforth articulated this assessment of the tensions inherent in competing governance models, what he calls a "paradox perspective." <sup>28</sup>

The King Committee in South Africa, one of the world's thought leaders in corporate governance, articulated the fundamental tension in this way:

<sup>27</sup> Cornforth, "Making Sense of Co-operative Governance," 51-57; see also Cornforth, "Understanding the Governance of Non-Profit Organizations."

<sup>28</sup> Cornforth, "Making Sense of Co-operative Governance," 51-57; see also Cornforth, "Understanding the Governance of Non-Profit Organizations."

Corporate governance principles were developed, inter alia, because investors, with the era of the professional manager, were worried about the excessive concentration of power in the hands of management. This protection against greed could encourage the sins of sloth and fear, with an erosion of enterprise and an encouragement of subservience. A balance is needed.<sup>29</sup>

This common trade-off in the for-profit corporate sector is illustrated by this example: choosing between a broadly based, decentralized, diverse, flexible, low-control governance model, and a highly centralized, tightly ordered, high-control governance model. This choice can be viewed as a trade-off between two desired qualities: consistent decision making and control, and empowerment and innovation. In the global context this trade-off is also affected by the realities of the international stage and what is often referred to as the fundamental tension between globalization and localization.

In one, with consistent decision making and control in a highly centralized model, the ultimate governing body is a small hub that makes all of the decisions and/or is governed by a well-developed set of rules (enshrined in corporate or organizing documents such as a covenant, constitution, and bylaws) and/or policies. The result is consistent decisions, with low variability in activities and results, lower risks and a higher assurance of predictable, stable results.

In the other, with high empowerment and innovation in a highly decentralized model, decision-making authority is broadly based and shared among a large, diverse group. The result is high variability in activities and results. Risk taking is encouraged and therefore some attempts at innovation will fail, but others will succeed.

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<sup>29</sup> King Committee on Corporate Governance, *King II Report Summary*, 8.

By taking this example one step further, adding the dimension of time, the optimal balance between consistency and innovation varies greatly from organization to organization, and especially during the life cycle of an organization: the shape of the risk-reward curve shifts over an organization's (or product/service/project's) life cycle.<sup>30</sup> The application of governance principles through the lens of strategic opportunity and risk yields the optimal governance power structure for this planning cycle, and the board will then revisit and potentially rebalance these tensions each strategic planning cycle (typically three to five years.)

Cadbury explains the Committee's rationale on balancing this trade-off:

executive and non-executive directors are likely to contribute in different ways to its work. Non-executive directors have two particularly important contributions to make to the governance process as a consequence of their independence from executive responsibility. The first is in reviewing the performance of the board and of the executive. Non-executive directors should address this aspect of their responsibilities carefully and should ensure that the chairman is aware of their views. The second is in taking the lead where potential conflicts of interest arise. An important aspect of effective corporate governance is the recognition that the specific interests of the executive management and the wider interests of the company may at times diverge, for example over takeovers, boardroom succession, or directors' pay. Independent non-executive directors, whose interests are less directly affected, are well-placed to help to resolve such situations.<sup>31</sup>

Achieving optimal governance power structures, then, clearly involves seeking to balance trade-offs in the tensions inherent in the dimensions identified in the literature review. This is best done through applying the governance principles, and in most cases, the healthier and more sustainable (though often difficult) choice reflects an integration

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<sup>30</sup> Brown and Brown, *Optimizing Governance*.

<sup>31</sup> Cadbury, *Financial Aspects of Corporate Governance*, 19-20.



of the two opposing approaches (“both . . . and”) rather than a choice between them (“either . . . or”). Without having a set of governance principles such as The Garden Principles to apply, people feel confounded with these seemingly irreconcilable tensions, perceiving stark win-lose binary choices between two unpalatable extremes. This is the essence of principles-based governance and of boards applying business judgment with discretion.

### **Does Good Governance Drive Success and Can Governance Be Measured?**

In an earlier section, the purpose of governance was outlined, encompassing these increasingly higher-order objectives:

- Facilitating the allocation of large amounts of capital to talented specialists (effective uses),
- Facilitating effective entrepreneurial and prudent management, and
- Reducing “agency costs” in organizations, thus
- Adding value to assets, thus
- Enhancing shareholder value, thus
- Enhancing investor confidence, thus
- Improving economic efficiency and growth, thus
- Acting for the good of the community.

**Table 2.19: Objectives of Governance and The Garden Principles**

<b>Garden Principle</b>	<b>Governance Objectives</b>
Stewardship and Leadership	<ul style="list-style-type: none"> <li>• Facilitating the allocation of large amounts of capital to talented specialists (effective uses)</li> </ul>
Authority and Accountability	<ul style="list-style-type: none"> <li>• Facilitating effective entrepreneurial and prudent management</li> <li>• Reducing agency costs in organization</li> </ul>

<b>Garden Principle</b>	<b>Governance Objectives</b>
Accomplishment and Measurement	<ul style="list-style-type: none"> <li>• Adding value to assets</li> <li>• Enhancing shareholder value</li> </ul>
Communication and Integrity	<ul style="list-style-type: none"> <li>• Enhancing investor confidence</li> </ul>
Continuous Learning and Growth	<ul style="list-style-type: none"> <li>• Improving economic efficiency and growth</li> </ul>
Justice and Service	<ul style="list-style-type: none"> <li>• Acting for the good of the community</li> </ul>

The question of whether good governance drives success will be answered by identifying the achievement of one or more of these purposes of governance and linking this to an underlying governance structure, process, or practice; in this way, methods of measuring governance will also be prompted. In many ways, attempts to link good governance to organizational success have been akin to the quest for the Holy Grail, and it is probably fair to conclude that this quest is not over yet. As Chambers admits, “It is more straightforward to show that failures of corporate governance are associated with adverse outcomes than to demonstrate that higher standards of corporate governance contribute significantly to corporate success.”<sup>32</sup>

Among the first and best-known research claiming a link between good governance and organizational success was Millstein and MacAvoy’s meta-data analysis from 1991 to 1995 which “demonstrates that there have been significant increases in ‘economic profit’ where a professional board was present.”<sup>33</sup>

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<sup>32</sup> Chambers, *Tolley’s Corporate Governance Handbook*, 1.

<sup>33</sup> Millstein and MacAvoy, “Active Board of Directors and Performance of the Publicly Traded Corporation,” 1295.

The authors defined "economic profit" as operating earnings in excess of the costs of capital and used their judgment as to the presence or absence of a professional board—largely indicators of being active and independent—in a sample of 154 large publicly traded domestic corporations.<sup>34</sup>

In the same month, but using a different indicator of "good governance," Professor Jeff MacIntosh of the University of Toronto showed that firms with high institutional ownership in fact experience a higher return on assets and equity.<sup>35</sup>

Brown and Brown at the Conference Board of Canada developed a *Governance Index* to act as a benchmark measure aggregating twenty indicators of "good governance." In both 1997 and 1998, a strong link was established between those companies with high *Governance Index* scores and those with high three-year revenue growth, high five-year profit growth, and recognition as leaders in their respective industry sectors (the three indicators used by the Financial Post in its FP500 rankings).<sup>36</sup>

In landmark research cited widely in the decade since its publication, Brown and Brown at the Conference Board of Canada found that while having one or even two women on a board makes very little or no difference to its functioning, having three or more women on a board makes significant differences. These boards are more likely to focus on evaluation and accountability, to ask for and review non-financial performance

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<sup>34</sup> Millstein and MacAvoy, "Active Board of Directors and Performance of the Publicly Traded Corporation," 1295.

<sup>35</sup> Professor MacIntosh testified at the Senate Banking Committee's June 1998 hearings, quoted here by Senator Michael J. L. Kirby, *International Pension Conference*, International Pension Conference (Vancouver: International Pension Conference, 1998).

<sup>36</sup> Brown and Brown, *Success in the Boardroom*, 1-2.

measures, to explicitly assume more responsibilities (be more active and engaged), and to correlate with more successful companies in terms of growth and markets.<sup>37</sup>

McKinsey & Company, the global management consulting firm, has published research which found that good governance can be quantified and is significant; here are the measures that they proposed and tested:

- having a clear majority of outsiders on the board, with no management ties;
- holding formal evaluations of directors;
- having directors with significant stakes in the company and receiving a large proportion of their pay in the form of stock options; and
- being responsive to investor requests for information on governance.<sup>38</sup>

Moving from micro (organizational) to macro (societal) measures of success, the Cadbury Committee Report, the seminal work in the United Kingdom, began with this sweeping statement:

The country's economy depends on the drive and efficiency of its companies. Thus the effectiveness with which their boards discharge their responsibilities determines Britain's competitive position. They must be free to drive their companies forward, but exercise that freedom within a framework of effective accountability. This is the essence of any system of good corporate governance.<sup>39</sup>

Well-governed companies do enjoy greater access to capital and lower capital costs, and they provide higher long-term return on investment for their shareholders, according to the World Bank's Global Corporate Governance Forum.<sup>40</sup>

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<sup>37</sup> Debra L. Brown, David A. H. Brown, and Vanessa Anastasopoulos, *Women on Boards: Not Just the Right Thing But the "Bright" Thing* (Ottawa: The Conference Board of Canada, 2002), i-ii.

<sup>38</sup> McKinsey & Co. Investor Opinion Survey, June 2000.

<sup>39</sup> Cadbury, *Financial Aspects of Corporate Governance*, 10.

<sup>40</sup> Global Corporate Governance Forum of the World Bank and IFC, accessed January 22, 2014, [http://www.gcgf.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Global+Corporate+Governance+Forum/Frequently+Asked+Questions/](http://www.gcgf.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Global+Corporate+Governance+Forum/Frequently+Asked+Questions/).

A March 2009 study by Governance Metrics International (GMI) concluded that well-governed companies fared better during the recent economic downturn: out of a sample of 4,200 companies rated by GMI, only 90 companies exhibited consistently high corporate governance standards over 12 quarterly rating cycles, and these 90 companies outperformed their market capitalization peers by 23 percent in shareholder returns.<sup>41</sup>

According to two recent studies, poorly-governed companies in Brazil could increase their market capitalization by 85 to 100 percent with a shift to good governance. Another study suggests that well-governed firms in Korea traded 160 percent higher than poorly governed firms. Good corporate governance also benefits the broader economy. For example, it fosters

- more bank lending as a result of greater transparency and financial strength
- greater financial sector stability
- faster corporate sector growth and job creation
- better protection for all investors, including pension beneficiaries

Good corporate governance practices lead to better companies and, in turn, better societies.<sup>42</sup>

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<sup>41</sup> GMI study cited by Global Corporate Governance Forum of the World Bank and IFC, accessed January 22, 2014, [http://www.gcgf.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Global+Corporate+Governance+Forum/Frequently+Asked+Questions/](http://www.gcgf.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Global+Corporate+Governance+Forum/Frequently+Asked+Questions/).

<sup>42</sup> Research also cited by Global Corporate Governance Forum of the World Bank and IFC, accessed January 22, 2014, [http://www.gcgf.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Global+Corporate+Governance+Forum/Frequently+Asked+Questions/](http://www.gcgf.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Global+Corporate+Governance+Forum/Frequently+Asked+Questions/).

The King Committee in South Africa endorses these macro-economic linkages and adds that good corporate governance is “also an effective mechanism for encouraging efficiency and combating corruption.”<sup>43</sup>

### **The Symptoms of a Dysfunctional Governance System and the Benefits of a Highly Functional Governance System**

The King Committee in South Africa described what it calls the “seven characteristics of good corporate governance”:<sup>44</sup>

1. Discipline: senior management adhering to behavior that is universally recognized and accepted to be correct and proper;
2. Transparency: a measure of how good management is at making necessary information available in a candid, accurate, and timely manner;
3. Independence: mechanisms to minimize or avoid potential conflicts of interest;
4. Accountability: effective mechanisms to provide investors with the means to query and assess actions of the board and its committees;
5. Responsibility: behavior that allows for corrective action and for penalizing management;
6. Fairness: systems that balance the interests of various groups, including minority shareowners;
7. Social Responsibility: high ethical standards, non-discriminatory, non-exploitive, responsible environmentally and on human rights issues.

As the King Committee observes,

the “company” remains a key component of modern society. In fact, in many respects, companies have become a more immediate presence to many citizens and modern democracies than either governments or other organs of civil society. As a direct consequence, companies remain the legitimate and necessary focal point for profit-making activities in market economies. They are also increasingly a target for those discontented with business liberalisation and globalisation, an agenda that companies are perceived as driving. In the global

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<sup>43</sup> King Committee on Corporate Governance, *King II Report Summary*, 14.

<sup>44</sup> King Committee on Corporate Governance, *King II Report Summary*, 10-11. Its measures are summarized here.

economy, there are many jurisdictions to which a company can run to avoid regulation and taxes or to reduce labour costs. But, there are few places where a company can hide its activities from skeptical consumers, shareowners or protestors. In short, in the age of electronic information and activism, no company can escape the adverse consequences of poor governance . . . if there is a lack of good corporate governance in a market, capital will leave that market with the click of a mouse . . . The relationship between the company and the shareowners arises out of the articles of association, which are nothing more than a contract between them. This is the only means of shareowner protection, which is quite ineffective in practice. Because the shareowners have little or no protection, the quality of governance is of absolute importance to them.<sup>45</sup>

The King Committee went on to link the Asian economic crisis to dysfunctional corporate governance: “In East Asia, in 1997 and 1998, it was demonstrated that macro-economic difficulties could be worsened by systemic failure of corporate governance, stemming from

- weak legal and regulatory systems;
- poor banking regulation and practices;
- inconsistent accounting and auditing standards;
- improperly regulated capital markets; and
- ineffective oversight by corporate boards, and scant recognition of the rights of minority shareowners.<sup>46</sup>

Leblanc and Gillies have studied the behavioral patterns of individual directors and used this to identify which are common to dysfunctional boards and which to functional boards. What they label the “Caretaker-Chair,” “Controller,” “Conformist,” “Cheerleader,” and “Critic” are common on dysfunctional boards. Conversely, “Conductor-Chair,” “Change Agent,” “Consensus-BUILDER,” “Counsellor,” and “Challenger” are the common behavioral types present on a functional board.<sup>47</sup>

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<sup>45</sup> King Committee on Corporate Governance, *King II Report Summary*, 9.

<sup>46</sup> King Committee on Corporate Governance, *King II Report Summary*, 14.

<sup>47</sup> Leblanc and Gillies, *Inside the Boardroom*, 3-4.

Table 2.20 summarizes examples from the literature review of symptoms of a dysfunctional governance system alongside benefits of a highly functional governance system, grouped by and linked to The Garden Principles.

**Table 2.20: Examples of Dysfunctional and Highly Functional Governance**

<b>Applying The Garden Principles to Prevent or Move from Dysfunctional to Highly Functional</b>	<b>Examples of Dysfunctional Governance</b>	<b>Examples of Highly Functional Governance</b>	<b>The King Committee's "seven characteristics of good corporate governance"<sup>48</sup></b>
Stewardship and Leadership & Authority and Accountability: by clearly delineating authority levels and accountability targets for good stewardship	Weak legal and regulatory systems; Poor banking regulation and practices; Inconsistent accounting and auditing standards; Improperly regulated capital markets; and Ineffective oversight by corporate boards, and scant recognition of the	The presence of an effective corporate governance system, within an individual company and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy. As a result, the cost of capital is lower and firms are encouraged to use resources more efficiently, thereby	Independence: mechanisms to minimize or avoid potential conflicts of interest;  Accountability: effective mechanisms to provide investors with the means to query and assess actions of the board and its committees;

<sup>48</sup> King Committee on Corporate Governance, *King II Report Summary*, 10-11. Its measures are summarized here.



Applying The Garden Principles to Prevent or Move from Dysfunctional to Highly Functional	Examples of Dysfunctional Governance	Examples of Highly Functional Governance	The King Committee's "seven characteristics of good corporate governance" <sup>48</sup>
	rights of minority shareowners." <sup>49</sup>	underpinning growth. <sup>50</sup>	
Accomplishment and Measurement & Communications and Integrity: by putting in place transparent and robust reporting and disclosure to enable market discipline	There are many jurisdictions to which a company can run to avoid regulation and taxes or to reduce labour costs ... [because] shareowner protection is quite ineffective in practice, the quality of governance is of absolute importance to them. <sup>51</sup>	Companies remain the legitimate and necessary focal point for profit-making activities in market economies <sup>52</sup>	Transparency: a measure of how good management is at making necessary information available in a candid, accurate and timely manner;  Discipline: senior management adhering to behaviour that is universally recognized and accepted to be correct and proper;
Continuous Learning and Growth: by selecting and developing board members based on both	"Caretaker-Chair," "Controller," "Conformist," "Cheerleader," and "Critic" are common on	"Conductor-Chair," "Change Agent," "Consensus-BUILDER," "Counsellor," and "Challenger" are the common behavioral	Social Responsibility: high ethical standards, non-discriminatory, non-exploitive, responsible

<sup>49</sup> King Committee on Corporate Governance, *King II Report Summary*, 14.

<sup>50</sup> Organization for Economic Co-operation and Development, *OECD Principles of Corporate Governance*, 11.

<sup>51</sup> King Committee on Corporate Governance, *King II Report Summary*, 9.

<sup>52</sup> King Committee on Corporate Governance, *King II Report Summary*, 9.

<b>Applying The Garden Principles to Prevent or Move from Dysfunctional to Highly Functional</b>	<b>Examples of Dysfunctional Governance</b>	<b>Examples of Highly Functional Governance</b>	<b>The King Committee's "seven characteristics of good corporate governance"<sup>48</sup></b>
behavioral characteristics and functional skills and experience	dysfunctional boards. <sup>53</sup>	types present on a functional board. <sup>54</sup>	environmentally and on human rights issues;
Justice and Service: by establishing and ensuring a culture of fairness and service in the boardroom through development, modeling, and enforcement	Boards are often comprised of: <ul style="list-style-type: none"> <li>• senior leaders and entrepreneurs, who are used to leading the team – not being an equal member of it</li> <li>• with a lack of appropriate governance education</li> <li>• serving on the board for the wrong reasons</li> <li>• with a weak chair, and</li> <li>• emotional immaturity.<sup>55</sup></li> </ul>	Director exhibiting behaviors such as: <ul style="list-style-type: none"> <li>• taking personal responsibility for their actions and decisions</li> <li>• having a strong sense of self-esteem and confidence while remaining humble</li> <li>• interacting with others and make decisions with integrity and honesty</li> <li>• being in control of their emotions and personal habits</li> <li>• having attitudes that are helpful, productive, and constructive</li> <li>• championing board decisions,</li> </ul>	Fairness: systems that balance the interests of various groups, including minority shareowners;  Responsibility: behavior that allows for corrective action and for penalizing management;

<sup>53</sup> Leblanc and Gillies, *Inside the Boardroom*, 3-4.

<sup>54</sup> Leblanc and Gillies, *Inside the Boardroom*, 3-4.

<sup>55</sup> Debra L. Brown, *Boardroom Behaviors and Governance* (Toronto: BGI Publishing, 2011), 4.

Applying The Garden Principles to Prevent or Move from Dysfunctional to Highly Functional	Examples of Dysfunctional Governance	Examples of Highly Functional Governance	The King Committee's "seven characteristics of good corporate governance" <sup>48</sup>
		<p>whether originally in favor or not</p> <ul style="list-style-type: none"> <li>• consistently demonstrating discretion, confidentiality, unity, and responsibility</li> <li>• challenging management in a way that is constructive and respectful</li> <li>• being trustworthy . . . and they will . . .</li> <li>• trust—but verify.</li> </ul> <p><sup>56</sup></p>	

According to Shafritz, Ott, and Jang,

Once cultures exist they determine the criteria for leadership and thus determine who will or will not be a leader. But if elements of a culture become dysfunctional, it is the unique function of leadership to be able to perceive the functional and the dysfunctional elements of the existing culture and to manage cultural evolution and change in such a way that the group can survive in a changing environment.<sup>57</sup>

<sup>56</sup> Brown, *Boardroom Behaviors and Governance*, 4.

<sup>57</sup> Shafritz, Ott, and Jang, *Classics of Organization Theory*, 358.

## How Does One Change Governance Systems and What Are the Barriers to Change in Governance Systems?

The previous section on an optimal governance power structure summarized how applying governance principles enables better informed choices about where to situate governance on each continuum of choices, weighing, balancing, and at times integrating the trade-offs inherent in the tensions of each dimension. This dealt with transformative governance in broad, conceptual terms. In this section, more specific, practical examples and tools used to successfully change governance systems and to overcome barriers to change are summarized in table 2.21. These are grouped by and aligned with The Garden Principles of governance.

**Table 2.21: Changing and Overcoming Barriers to Change in Governance Systems**

<b>Applying The Garden Principles</b>	<b>Barriers to Change in Governance Systems</b>	<b>Examples and Tools Used to Change Governance Systems</b>
Stewardship and Leadership	<p>The economic agency problem: managers may act in their self-interest when stewarding and leading, rather than in the interests of the owners, stakeholders, or society at large.<sup>58</sup></p> <p>Shareholders get the governance they deserve: too few concentrated shareholders risk self-</p>	<p>Non-executive directors should bring an independent judgement to bear on issues of strategy, performance, resources, including key appointments, and standards of conduct. The calibre and number of non-executive directors on a board should be such that their views will carry significant weight in the board's decisions . . . An essential quality which non-executive directors should bring to the board's</p>

<sup>58</sup> Fama and Jansen, "Separation of Ownership and Control," 301-25.

Applying The Garden Principles	Barriers to Change in Governance Systems	Examples and Tools Used to Change Governance Systems
	<p>dealing, but too many diffuse shareholders have been shown to be inefficient and even incapable of effectively governing a firm.<sup>59</sup></p> <p>Plato realized that some governors will be tempted to act in their self-interest or be corrupted in or by power and acknowledged the power of laws or rules to hold this otherwise unfettered power in place.<sup>60</sup></p>	<p>deliberations is that of independence of judgement.”<sup>61</sup></p> <p>Change the shareholders/owners: this involves a fine balance: an optimal number and mix of shareholders (owners or members), especially active institutional shareholders (who arguably have both capacity and long-term interests) are less likely to engage in wealth-destroying activities and more likely to undertake wealth-enhancing activities. With increasingly complex and prudentially regulated capital markets, the market discipline exercised by informed and active shareholders is often the last line of defense to monitor and ensure effective corporate governance.<sup>62</sup></p> <p>Other than the character and merit of the governors, Plato argued that the next most important way to influence governance is the “rule of law.”<sup>63</sup></p>
Authority and Accountability	No system of corporate governance can be totally proof against fraud or incompetence. The test is	The risks can be reduced by making the participants in the governance process as effectively accountable as possible. The key safeguards are

<sup>59</sup> Brown and Brown research for Bank Negara Malaysia for the Financial Institution Director Education (FIDE) program, citing other sources including Peter Dey, Chair of the TSE Committee on Corporate Governance.

<sup>60</sup> Barker, *Political Thought of Plato and Aristotle*, 175.

<sup>61</sup> Cadbury, *Financial Aspects of Corporate Governance*, 21.

<sup>62</sup> Brown and Brown research for Bank Negara Malaysia for the Financial Institution Director Education (FIDE) program, citing other sources including Peter Dey, Chair of the TSE Committee on Corporate Governance.

<sup>63</sup> Barker, *Political Thought of Plato and Aristotle*, 175.

<b>Applying The Garden Principles</b>	<b>Barriers to Change in Governance Systems</b>	<b>Examples and Tools Used to Change Governance Systems</b>
	how far such aberrations can be discouraged and how quickly they can be brought to light. <sup>64</sup>	properly constituted boards, separation of the functions of chairman and of chief executive, audit committees, vigilant shareholders, and financial reporting and auditing systems which provide full and timely disclosure. <sup>65</sup>
Accomplishment and Measurement	Activist investors like Calpers successfully pressed for stock options for executives and mandatory executive compensation disclosure in the 1990s and early 2000s. <sup>66</sup> However, some of the excesses and spectacular corporate failures of the 2000-2001 and 2008-2009 downturns have rightly been laid at the feet of excessive incentive compensation, especially stock options, for agents (executives).	Another set of tools to change governance is called “bonding mechanisms”: these are designed to align agents’ behavior to principals’ interests. The most common form of bonding is compensation design, especially the use of incentive compensation (“pay for performance”). Post-2008 enhancements have included both long-term incentive plans and risk-based targets to ensure results are sustained and sustainable. <sup>67</sup>
Communications and Integrity	The “agency problem” is compounded by “information asymmetry,” the practical challenge that managers both control and understand almost all of the information needed for decision making and	Among the most powerful and practical tools at a board’s disposal to change governance are the independent professional advisors who vet and validate information from management for the board and its committees. These external resources include the external auditor, legal counsel, actuary,

<sup>64</sup> Cadbury, *Financial Aspects of Corporate Governance*, 52.

<sup>65</sup> Cadbury, *Financial Aspects of Corporate Governance*, 52.

<sup>66</sup> Debra L. Brown and David A. H. Brown, *Compensation Disclosure and Analysis* (Toronto: BGI Publishing, updated 2013).

<sup>67</sup> Brown and Brown, *Compensation Disclosure and Analysis*.

Applying The Garden Principles	Barriers to Change in Governance Systems	Examples and Tools Used to Change Governance Systems
	<p>governance, and both boards and shareholders are largely reliant on managers for this information.<sup>68</sup></p> <p>More than twenty years after the Cadbury Committee and the subsequent worldwide adoption of corporate governance reform, most boards rely almost entirely on management to select, organize, prioritize, and provide their strategic information.<sup>69</sup></p>	<p>internal auditor, corporate governance advisor, executive compensation consultant, and executive search firm. In the literature, these are called “trust intermediaries,” because their role is to provide higher levels of confidence and assurance to the governance leadership about information’s integrity, accuracy, and completeness. One of the most profound yet least read governance guidance is the UK’s Turnbull Report. Turnbull’s thesis is that it is the board, not management, who are responsible for the information that they receive: its content, scope, form, and frequency, and so therefore for the amount and use of time that the board members have to prepare and meet to consider this information.<sup>70</sup></p>
Continuous Learning and Growth	<p>Multicultural barriers: it is impractical and abstract, even impossible, to educate everyone about the norms and assumptions of every culture involved.<sup>71</sup></p>	<p>Build a learning culture by focusing on cultural capacities and learning skills (cultural intelligence) to develop understanding, empathy, and the ability to work with people from other cultures requires (1) some knowledge of the essentials of those cultures, (2) cultural sensitivity or mindfulness, (3) motivation to learn, and (4)</p>

<sup>68</sup> Fama and Jansen, “Separation of Ownership and Control,” 301-25.

<sup>69</sup> David A. H. Brown, “Strategic Information for Boards,” Brown Governance Inc. and the Society of Management Accountants of Canada (CMA), 2013.

<sup>70</sup> Nigel Turnbull, “Internal Control: Guidance for Directors on the Combined Code,” the Institute of Chartered Accountants of England and Wales (ICA EW), 1999, summarized here in Brown, “Strategic Information for Boards.”

<sup>71</sup> Schein, *Organizational Culture and Leadership*, 387.

Applying The Garden Principles	Barriers to Change in Governance Systems	Examples and Tools Used to Change Governance Systems
		<p>behavioral skills and flexibility to learn new ways of doing things.<sup>72</sup> Plato and Aristotle make the case for education as a tool to develop the capacity and knowledge of governors.<sup>73</sup></p> <p>In a democratic governance model in particular, education is critical to raise the capacity of citizens who are the governors in the macro governance system (state government). Equally, contemporary governance relies on effective orientation programs for incoming governors, and ongoing education and training programs for current governors, to change governance models and practices in organizations.<sup>74</sup></p>
Justice and Service	<p>Companies have to be able to bring about changes in the composition of their boards to maintain their vitality. Non-executive directors may lose something of their independent edge, if they remain on a board too long. Furthermore, the make-up of a board needs to change in line with new challenges.</p> <p>Reappointment should</p>	<p>If you want to change your governance, you have to begin by changing the process for nominating directors.<sup>76</sup></p> <p>Aristotle in particular makes the case that the most important aspect of governance is the “moral and intellectual virtue” of the governors.<sup>77</sup></p> <p>Given the importance of their distinctive contribution, non-executive directors should be selected with the same impartiality and care as senior executives. Their appointment should be a matter for</p>

<sup>72</sup> Schein, *Organizational Culture and Leadership*, 387-88.

<sup>73</sup> Barker, *Political Thought of Plato and Aristotle*, 170-72.

<sup>74</sup> Peter Dey, *Where Were the Directors? Guidelines for Improved Corporate Governance in Canada* (Toronto: Toronto Stock Exchange, 1994), Guideline 6.

<sup>76</sup> Dey, *Where Were the Directors?*, Guidelines 4 and 5.

<sup>77</sup> Lloyd, *Aristotle*, 267.



Applying The Garden Principles	Barriers to Change in Governance Systems	Examples and Tools Used to Change Governance Systems
	not be automatic but a conscious decision by the board and the director concerned. <sup>75</sup>	the board as a whole and there should be a formal selection process, which will reinforce the independence of non-executive directors and make it evident that they have been appointed on merit and not through any form of patronage. We regard it as good practice for a nomination committee ... to carry out the selection process and to make proposals to the board. <sup>78</sup> A popular tool used by Nominating Committees in recruiting and qualifying candidates for the board is the Skills Gap Profile or Competency Matrix to identify the needed and desired attributes of new board members, to complement the existing mix of skills. <sup>79</sup>

At their core, governance systems face a similar set of barriers to change as culture changes (outlined earlier in the literature review): individual reasoning (fear, loss, ambiguity, unconvinced about the need to change, risk assessment, lack of impetus) and systemic reasoning (resource allocation, structural support, communication, leadership, mentoring and coaching, training, alignment, subcultures).

<sup>75</sup> Cadbury, *Financial Aspects of Corporate Governance*, 52.

<sup>78</sup> Cadbury, *Financial Aspects of Corporate Governance*, 22.

<sup>79</sup> Debra L. Brown and David A. H. Brown, *Profiling the Board* (Toronto: BGI Publishing, 2007).

Fundamentally, then, if one seeks to change governance or culture, one has to change the people. This means either changing the hearts and minds of the people responsible for governance, the board members, or changing them out completely.

In conclusion, the literature review demonstrates that it is through

- understanding what culture and governance are;
- determining the principles that underlie them;
- knowing how they are formed;
- recognizing their functionality and dysfunctionality;
- identifying how they intersect with power drivers and leadership;
- shaping ways to measure the degree of their success; and
- appreciating what is needed to bring about effective and significant change

that one is able to begin the journey toward real transformation.

## **Conclusions**

This literature review is teleological, its purpose being to explore relevant aspects of the corpus of literature to assess, illustrate, and demonstrate that there is a need for transformation of organizational culture, and governance is an effective tool to accomplish that.

For each view of “culture” and “governance,” the literature review began broadly and at a high level with foundational writings from social science fields including anthropology, social psychology, economics, and philosophy, telescoping to focused studies of “organizational culture” and “organizational governance” theories, models, dimensions, and principles, and finally linking these through “transformation” and “transformative governance.”

Here is a summary of the logic chain based on the literature review:

1. Culture is about how people decide what is right and wrong as they work together through shared experience to solve their problems—whether those problems are internal or external to the group.
2. There are functional and dysfunctional cultures.
3. One of the purposes of culture is to guide the future.
4. There are dimensions of culture that can be measured.
5. When organizational groups find the right balance in these dimensions they become more stable and effective.
6. This implies the ongoing need for adaptation, change, and transformation.
7. Leadership is a key ingredient to creating, embedding, and changing culture.
8. Governance is about setting the direction and gaining reasonable assurance as to the control of organizations.
9. Governance provides the leadership structure of organizations.
10. Governance is built on foundational principles that underlie and support both culture and governance.
11. Key dimensions of culture are in complete alignment with key dimensions of governance.
12. The process for creating, embedding, and changing governance mirrors that for culture.
13. The same power drivers of culture are shared with the governance system: people get their power through their position, proficiency, policies, and/or their use of positive and negative personal force.
14. In conclusion, it therefore stands to reason that if
  - a. governance provides the system for leadership of an organization;
  - b. governance provides the foundational principles for problem solving (the way in which culture is created);
  - c. one of the core components of culture is to guide the future, while one of the primary purposes of governance is to set direction;
  - d. the key dimensions of culture and governance are identical;
  - e. the process for creating, embedding, and changing both culture and governance are fully aligned; and
  - f. governance and culture share the same sources and uses of power;

then governance provides an effective tool for transforming organizational culture.

The next chapter explores the biblical and theological framework for approaching and understanding organizational culture and governance. The literature review identified overarching principles of governance drawn from biblical and theological sources which need to be thoroughly explored and understood. The

literature review also exposed gaps in biblically-based governance transformation that are opportunities to better understand how God uses humans and structure to fulfil His transformative purposes. The fundamental question of whether and how governance may be used as a tool to transform organizational culture moves from the secular literature realm to the theological.

USING GOVERNANCE AS A TOOL  
FOR TRANSFORMING ORGANIZATIONAL CULTURE  
VOLUME TWO

A THESIS-PROJECT  
SUBMITTED TO THE FACULTY OF  
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## **CHAPTER THREE**

### **A THEOLOGICAL FRAMEWORK**

This chapter provides a theological framework for approaching organizational culture and governance. This biblically-based framework is being proposed as a solution to the challenges identified in the literature review. The boundaries and principles created by the framework help to refine organizational culture and governance theologically. The content of this chapter includes providing clarity around what the Bible says about the structure and the human role in organizations, correlating this with the more secular terms “governance” and “culture.” While much has been written about a biblical theology of culture, this chapter refines a biblical theology of governance. This chapter further explores biblical theological themes that provide examples of the elements of biblical, principle-based governance.

The thesis statement is “using governance as a tool to transform organizational culture.” This chapter contains two main sections. In the first, the principles are articulated, and the original Hebrew and Greek words used in the Bible to articulate each of God’s principles of governance are analyzed: their meaning, interpretation, and application are explored. Also within this section, covenant theology is used to identify and explore what God and the Bible reveal about governance. Principles of governance are derived, articulated, and demonstrated from each of God’s great covenants with humankind.

In the second section, vignettes are used to assess and illustrate how God uses humans and structure to address social situations which have become dysfunctional or ineffective, to transform these into functional or effective social groups to solve problems (which is the essence of organizational culture). These vignettes and the covenants were selected and are also used to illustrate how these principles are used over the course of time—across both the Old and the New Testaments. In others words, these principles were not just efficacious in the garden. They were efficacious throughout the covenants, for Moses and Jethro, Solomon, Josiah, Daniel, Nehemiah, Paul and James, and Jesus, each in their time in history. The Garden Principles are timeless in terms of their efficacy. The thesis statement is put to the test to what extent do the Bible and theology demonstrate that governance is used as a tool to transform social problem solving, and what are governance’s underlying principles and features?

### **A Biblical Theology of Governance: An Overview of The Garden Principles**

For a correct estimate of the present times, and a true conception of future events, we must have a clear understanding of the things that are past.<sup>1</sup>  
—G. Campbell Morgan

God’s conversation with man began in the garden. Those initial conversations have been handed down through the book of Genesis. The conversation began before the fall of man and continues throughout the Scriptures. From Genesis through Revelation God articulates a way back from the fall. The progressive history through the

---

9. <sup>1</sup> G. Campbell Morgan, *God’s Methods with Man* (New York: Fleming H. Revell Company, 1898),

epochs of time are always pointing to believers' redemption and salvation—to the fulfillment of His ultimate purposes. It is in those first, early conversations and covenants, God gave humankind our mandate and His promises. The thesis of this chapter is that in God's mandate to humankind a governing framework can be found—one that mankind can find its way back to—a framework that has weaved its way through Scripture and time to underlie today's governance systems—systems that guide individuals, families, churches, ministries, and corporations (corporations that are public, private, and not-for-profit alike). This author has entitled that governance framework *The Garden Principles*.

The Garden Principles are a series of principles<sup>2</sup> God laid down in the beginning that every man, woman, or child, every organization, church, or ministry can live by and count on. A conceptual model for life and leadership can be drawn from these principles. And, as such they can be extrapolated out from the garden to corporate governance in the modern organization.

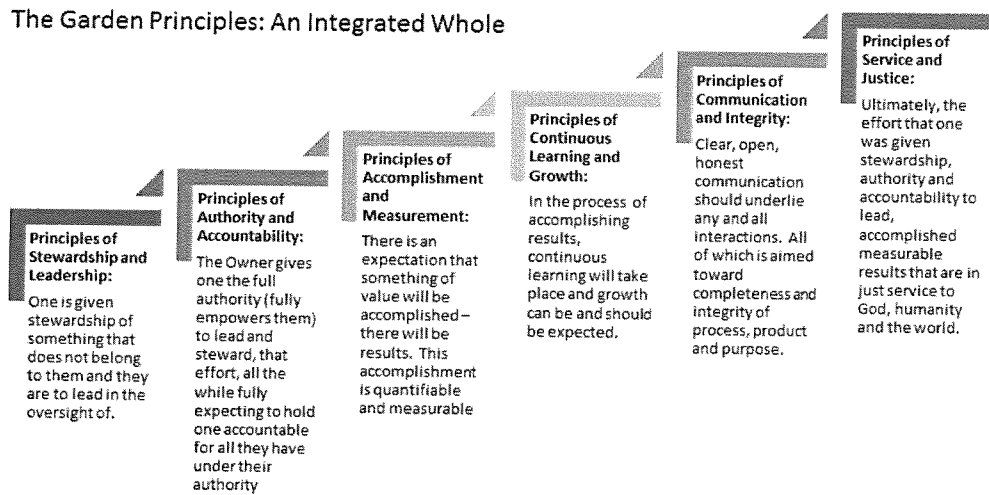
The following text briefly describes an overview of each of the twelve principles. These principles are reflective of the governance principles discussed in the literature review of this thesis where the application of these principles to the organization was described in more depth. These are a comprehensive set of principles that are all integral. Each is specific in its definition and application. None overlaps with another.

---

<sup>2</sup> Principles are defined to be "a fundamental truth or proposition that serves as the foundation for a system of belief or behavior or for a chain of reasoning." s.v. "principles," accessed June 15, 2014, <https://www.google.ca/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#q=what%20is%20a%20principle%3F>.

They build on and touch each other. However, each means something completely different from the other.

**Figure 3.1: The Garden Principles**



### The Principle of Stewardship

Being a steward means to be entrusted with the care and oversight of resources that do not belong to one—the concept is that the stewardship of those resources will lead to the benefit of both the resources and the owner. In the garden, God gave humanity dominion over the earth and all that is in it—a stewardship of rich resources to be taken seriously. It is the role of humanity to take ownership of that stewardship—remembering that everything belongs not to people but to the One who created it. From the Old Testament stewardship of humanity being entrusted with the care and stewardship of the earth and all that is in it, stewardship extends through God’s redemptive purposes into the New Testament to Christians’ stewardship and care of the

gospel, as “stewards of the mysteries of God” (1 Cor 4: 1-2), and beyond to all aspects of life individually and corporately.

### The Principle of Leadership

To be a leader is to rule, lift, or carry something (whether a burden or the hopes of others), with a significant sense of the meaning of leadership to guide and teach others to know and understand things they would otherwise not have known. In the garden, God gave humans the responsibility, and even the burden, to lead and oversee the resources entrusted to them—whether those are the environment, natural resources, corporate human resources, financial resources, technical resources, spiritual resources—everything created and provided by God. Of particular importance is the leadership role in guiding and developing others. Humans are stewards only, tasked with providing governing leadership and development to the most effective and preservative use of those resources.

### The Principle of Authority

To have authority means to have the right to rule, control, govern, and decide about everything we as people have stewardship over. To be given the stewardship of something but, then being asked to lead the effort, only to not be given the overriding authority to do so, is a recipe for certain failure. God, the author of all and the One who holds all authority in His hands, is the ultimate empowerer who abundantly provides all the resources we will ever need for the responsibilities in our care. In the garden, He

gives humankind complete freedom of choice—free will—to accept the roles of stewardship and leadership, empowering them with the full authority needed to lead the world! That principle extrapolates outward to everything on earth. God says to “be fruitful.” Humankind has been empowered by God with the authority to go out and be fruitful. Humanity is not simply to be fruitful in procreation, but in all things good—to the benefit of the resources under their stewardship. And, as God empowers humanity, humanity has been provided with a model for how others are to be treated. Leaders too should be empowerers—freeing others with the authority they need, empowering and resourcing them to go out and be fruitful. Controlling others limits creatively, takes away their power, and keeps people from bearing fruit. Empowering and resourcing others frees them to bear fruit.

### The Principle of Accountability

Accountability means that people are answerable for how well they have led or carried through on the stewardship of those things they have been given authority over. A report is expected—and historically this generally meant that there was an expectation of a written report. Accountability means that people are subject to judgment of the results of their stewardship. They are liable to punishment if the Master of the house is not satisfied. In the garden, God gave humankind authority. He came calling, asking for a report, and when it was determined that Adam and Eve did not effectively steward those resources, they were held accountable—they were subject to judgment and punishment. At its heart, accountability means being counted on to

ensure the goodness of the fruit—whatever that fruit may be (the fruit of all one has been given authority over). The deepest sense of accountability for the one who has been empowered with authority is “you can count on me!” The empowered person can easily say, “I will be fruitful, and you can count on me to do it!” God has empowered humanity with full authority to lead and steward all that He has entrusted to them, and He is counting on humanity to do so. As such, humanity is accountable to God for the use of the resources He has placed in their care. In other words, to bring it to the personal level, one might say, “God can count on me. He will do His work through me. I will show up.” And there will come a day of final accounting, as Paul writes:

For it is written:

“As I live, says the Lord,

Every knee shall bow to Me,

And every tongue shall confess to God.”

So then each of us shall give account of himself to God. (Rom 14: 11-12)

The good news is that God never leaves His people alone in their task. By His Spirit, He completely equips them for the tasks He places in front of them; He empowers and resources them with authority to do. As Paul writes, “But you shall receive power when the Holy Spirit has come upon you; and you shall be witnesses to Me in Jerusalem, and in all Judea and Samaria, and to the end of the earth” (Acts 1:8).

## The Principle of Accomplishment

Accomplishment means to bring something to its rightful completion, a completion that includes the producing of results. The effort expended has accomplished what it was set out to do; it is finished and one is spent. In the garden God blessed Adam and Eve, saying, “Be fruitful and multiply, and fill the waters in the seas, and let birds multiply on the earth” (Gen 1:22). God expects results. His desire is for multiplication and accomplishment—for humankind to accomplish His redemptive purposes on earth. His expectation is that it will be finished. The ultimate example of the meaning of accomplishment is found in the last words of Christ as He hung on the cross: *Tete, lestai* (“It is finished,” John 19:30). This principle extends outward to all things worthwhile and good. People should seek accomplishment, to multiply numerically: human effort should multiply; corporations, for profit or not, ministries, and the church should multiply.

## The Principle of Measurement

Measurement means that there are standards one will be measured against. Those standards make it possible to determine where something is compared with where it should be. In the garden, God created a standard for humankind: a standard of perfection. Humanity fell short of that standard, and the rest of history sets in motion His plan to restore humankind to that standard. Jesus continues the desire for perfection as evidenced in what is called the high-priestly prayer as He prays “that they may be made perfect in one, and that the world may know that You have sent Me, and



have loved them as You have loved Me” (John 17:23). God wants to work through His people, and He will. So, His people should expect to see measurable and significant results in His redemptive purposes. If there are no measureable results, stopping to take stock is appropriate. God stopped and took stock. In the garden, He stopped at the end of each day to measure His accomplishments and on more than one occasion declared, “It is good.” Later in history He measured the efforts of humankind and decided to flood the entire world, sparing but a single family! Measurement helps people to stay aligned with the will of God—to see if results are being produced or not. When they are not, measurement helps people to understand when and where they may have wandered off in the wrong direction and therefore need to make the necessary course corrections to get back on track. On reflection of the results it is more than appropriate to take stock and express our gratitude to God and celebrate!

### The Principle of Communication

Communication is a two-way street. It means listening to perceive and understand fully what is heard and acting on and speaking out in appropriate ways based on that understanding. In the garden, God made Himself heard. He spoke clearly, openly, and honestly with Adam and Eve, and He ensured they were clear in their understanding. He took responsibility for ensuring He was heard. Words have power. God used the ultimate Word—the Word that became flesh and dwelt among us (John 1:14)—to help us hear, understand, act on, and speak about His redemptive purposes. It moves beyond what is said, to the intent and to ensuring one hears, understands and

obeys the communication – to full engagement on every level one with another, leading to unity.

Open, honest, and transparent two-way communications with God and others is vital to unity. Without it, unity breaks down. Following the example God began in the garden, clear, honest, deep, and open communication is a principle that should govern people's relationships in business, ministry, church, and individual settings.

### The Principle of Integrity

Integrity means completeness: completeness in every part, perfect and without blemish or blame in entirety. Before the fall, all was transparent and unified, an integrated whole—there was complete, perfect integrity. Communications were honest, deep, open, and unashamed. In the garden, Adam and Eve could see each other in all of their nakedness and not be ashamed. And they could stand before God in the same way—naked and unashamed. It was a lack of integrity—the deceitful communications and half-truths of the serpent in the garden—that led humankind to the fall and into disunity. Humanity must not take its lead from the serpent. God's desire for the living out of the principle of integrity echoes through the biblical narrative and is epitomized in the fullness of Christ when, in restoring humankind's relationship with Himself to full integrity, He declared, "I am the way, the truth, and the life. No one comes to the Father except through Me" (John 14:6).

## The Principle of Continuous Learning

Continuous learning is a process of active discovery. It means to make oneself apprised of knowledge, to reflect on that knowledge, and then to apply it in service to God and others. In the garden, God created humankind in His own image (“God created man in His own image; in the image of God He created him; male and female He created them” [Gen 1:27]). This image is virtually unknowable. And yet, He wants humanity to know Him. He gave humanity His Word so that He could be known. He sent His Son to earth so every individual could know Him. He gives His people His Spirit so that they can know Him. Knowing God and His ways is a continuous process that will never end in a person’s lifetime. This Garden Principle of being a continuous learner, someone who continuously grows in knowledge and emotional and spiritual maturity, is a fundamental principle for any organization, ministry, church, or individual. It is a principle that should be lived out and modeled in the church community. As the apostle Paul wrote to Timothy in the context of understanding and applying his spiritual gifts, “meditate on these things; give yourself entirely to them, that your progress may be evident to all” (1 Tim 4:15). Continuous learning was an expectation in the beginning, and it continues through the new covenant.

## The Principle of Growth

Growth means to have the expectation of increase. In the garden, God brought forth grass, herbs, seeds, and trees yielding fruit. He promoted fruitfulness and multiplication with His mandate to Adam and Eve to “fill the earth and subdue it.” He gave Adam and Eve food for their sustenance, physical growth, and well-being. Growth is fundamental to His plan. Growth (in leadership, production, knowledge, emotional and spiritual maturity, etc.) is a fundamental principle for any organization, ministry, church, or individual. It too is a principle that should be lived out and modeled in the church community. From the garden to Christ, the principle of growth weaves its way through the epochs of time and is highlighted by the apostle Peter when he writes, “Grow in the grace and knowledge of our Lord and Savior Jesus Christ. To Him be the glory both now and forever” (2 Pet 3:18). If people do not continue to learn and grow, it is a fallacy to think that they at the very least stay where they are. They do not. When they do not grow, they begin to shrink and shrivel—for nothing stays the same.<sup>3</sup> And growth is not to be understood as an imperative as much as it is a blessing—an outgrowth of God’s hand in human activity and accomplishment.<sup>4</sup>

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<sup>3</sup> Os Guinness, *The Call* (Nashville: W Publishing Group, 2003), 102. “Calling reminds Christians ceaselessly that, far from having arrived, a Christian is someone who in this life is always on the road as ‘a follower of Christ’ and a follower of ‘the Way.’”

<sup>4</sup> “The imperatives ‘be fruitful,’ ‘increase,’ and ‘fill’ should not be understood as commands here, since the introductory statement identifies them as a ‘blessing.’” Tremper Longman III and David E. Garland, eds., *The Expositors Bible Commentary* (Grand Rapids, MI: Zondervan, 2008), 71.

## The Principle of Justice

Justice is all about judgment. It means to enact both the letter and the spirit of the law—to judge a matter just while being fair in the treatment of others and in the application of the law. Justice is always upright and allows for the vindication of those who are wronged. It is a lens through which people are able to judge between right and wrong, good and evil, fair and unjust treatment. The rigidity of justice makes a way for judgment; the pliability of the application of justice makes a way for grace. Justice requires penalty for sin. In the garden, God's justice was meted out. Jesus paid that penalty, and through Him, God's grace was apportioned. As Scripture says,

For we ourselves were also once foolish, disobedient, deceived, serving various lusts and pleasures, living in malice and envy, hateful and hating one another. But when the kindness and the love of God our Savior toward man appeared, not by works of righteousness which we have done, but according to His mercy He saved us, through the washing of regeneration and renewing of the Holy Spirit, whom He poured out on us abundantly through Jesus Christ our Savior, that having been justified by His grace we should become heirs according to the hope of eternal life. (Tit 3:3-7)

## The Principle of Service

Service is a principle that means to be actively engaged in laboring in the service of God and others, the ultimate purpose of which is to serve in such a way as to humbly bring restoration and healing through the accomplishment of acts of service and ministry. Service is an act of love. In the garden, God called humanity into the service of a broken world. Humanity is called together in ministry to be the servant of God as His hands and feet in the world. If people are not serving others, they are not serving God. When people view one another as counterparts, like swords and shields working

together, as the “עֵזֶר” (ezer) God made for Adam in the garden, they live out this principle of service. From the garden to Christ, service is a centerpiece of the biblical narrative. As Jesus Himself said, “And whoever desires to be first among you, let him be your slave—just as the Son of Man did not come to be served, but to serve, and to give His life a ransom for many” (Matt 20:27-28).

Table 3.1 below explores the meaning and sense of the root words in Hebrew and Greek from which these principles were derived.

Table 3.1: Understanding the Primary Words Used for Each of the Principles as Found in the Scriptures

	Hebrew	Greek	Brown, Driver, Briggs	Strong	Louw & Nida	Thayer	Comments on the Depth of Meaning of the Definitions
<b>The Principle of Stewardship: To Be a Steward</b>	שָׂרָא and כֹּהֵן	οἰκονομία and ἐπίτροπος used virtually interchangeably	Man To be of use or service, of benefit	(H) Man; To be of use or service (G) Steward: Guardian, Guard, Overseer, Official, Manager	One in charge of running a household	Management of a household or household affairs (usually to whom the head of the house entrusted the management of his affairs, care of receipts and expenditures, and dealing out the proper portion to every servant)	The point here as these words relate to the principle of stewardship, is that man is first and foremost, and has always been, a steward – God's steward, here to be of service to Him and His purposes
<b>The Principle of Leadership: To be a Leader</b>	נָשָׂא and נָגִיד	ὁδηγέω	To lift or carry	One lifted up, a chief,	To lead someone to know; to	Leader, guide, offer oneself	The principle of leadership drills to the

	Hebrew	Greek	Brown, Driver, Briggs	Strong	Louw & Nida	Thayer	Comments on the Depth of Meaning of the Definitions
			To conquer, overcome	leader, ruler, prince, official	guide someone in learning	to others as teacher	heart of what it means to be a leader – carrying the burden of stewarding resources while guiding and developing others.
<b>The Principle of Authority: To Have (and Give) Authority</b>	קָזַח and הָקַח and יָדָה	ἐξουσία	Rule, have dominion, reign  Power, strength, and energy; to prevail over  Hand, in possession of	(H) ; Power strength and energy; Hand (as to be under someone's hand; or to have in one's hand)  (G) Power to act; authority	The right to control or govern over; the authority to rule	Power of choice, liberty to do as one pleases; permission; having the power to decide	The principle of authority has everything to do with how power is kept, delegated and shared as leaders steward His resources.



	Hebrew	Greek	Brown, Driver, Briggs	Strong	Louw & Nida	Thayer	Comments on the Depth of Meaning of the Definitions
<b>The Principle of Accountability: To Give an Account</b>	חָשַׁב חָשַׁב	διήγησις and ὑπόδικος	Judgment; a narrative	(H) Judgment  (G) Answerable to; brought to trial	An orderly exposition or narration—to give an account, report, to write in detail	To lead or carry a narration through to the end  Owing satisfaction; liable to punishment	The principle of accountability by extension of its very definition means an account must be given for the stewardship of resources. The leader is to be judged on their stewardship.
<b>The Principle of Accomplishment: To Accomplish Results</b>	כָּשַׁל and כָּשַׁל	ποιέω and κατεργάζομαι and τελειώω	Do, make  Be complete, at an end, finished, accomplished, spent	(H) Do, make, accomplish; to be complete, at an end, accomplished  (G) To do, make, to	To do, or to perform, to manufacture or produce  To work out, bring about, produce	To produce, form, construct, fashion; to make a path or a way; to do that from which	The principle of accomplishment is an active concept. Expended efforts bring tangible

	Hebrew	Greek	Brown, Driver, Briggs	Strong	Louw & Nida	Thayer	Comments on the Depth of Meaning of the Definitions
				work; to prepare; to bring to an end		something results To carry through completely; to bring to an end  To complete; perfect; add what is wanting in order to render a thing full; made such as it ought to be	accomplish- ments-bringing to fruition intend outcomes.
<b>The Principle of Measurement: To Measure Against a Standard</b>	קִיּוֹר	μέτρον	Measure, extend, stretch	(H) To measure, stretch, survey, continue	A unit or measure; to determine the measurement of something	Measure out; judge according to any rule or standard	The principle of measurement is not just about simple measurement in and of

	Hebrew	Greek	Brown, Driver, Briggs	Strong	Louw & Nida	Thayer	Comments on the Depth of Meaning of the Definitions
				(G) To measure out			itself, rather it is about measuring against a standard, target or other metric.
The Principle of Communication : To Listen and to Speak	שָׁמַע	ἀκούω	To hear, perceive, obedience	(H) To hear, heed, obey, understand  (G) To hear, listen, give heed, understand	To hear	To hear, to consider what is said; to understand, perceive the sense of what is said; to give ear to listen	The principle of communicatio n is not about one-way messaging. It moves beyond what is said, to the intent and to ensuring one hears, understands and obeys the communicatio n – to full engagement

	Hebrew	Greek	Brown, Driver, Briggs	Strong	Louw & Nida	Thayer	Comments on the Depth of Meaning of the Definitions
							on every level one with another.
	חָבֵר	λαλέω	Speak, discourse, that which is spoken	(H) To Speak (boast, counsel, declare, command, direct, discuss, utter)  (G) To talk, say, proclaim, speak forth, utter, tell	To speak or talk	To utter a voice, to make oneself heard  To utter, tell  To use words in order to declare one's mind and disclose one's thoughts	
<b>The Principle of Integrity: To Be Without Blame,- a Person of Integrity</b>	חֹם	ὁλόκληρος	Complete, whole, entire, entirely in accord with truth and fact, unimpaired	(H) Completeness , integrity, blameless, upright, without blemish	A totality, with special emphasis upon the entity as a whole— one's entire being, spirit, soul,	Complete in all of its parts, whole, without blemish or defects	The principle of integrity is all about perfection and completeness — being whole in all respects.

	Hebrew	Greek	Brown, Driver, Briggs	Strong	Louw & Nida	Thayer	Comments on the Depth of Meaning of the Definitions
				(G) Complete, entire (H) To exercise in, to learn (G) To learn, be educated, to find out, receive instruction	and body without blame To learn from experience, often with the implication of reflection; to learn, to come to realize	To be apprised; to increase one's knowledge	Living out the principle of continuous learning requires mankind to consciously choose to be an active learner throughout life's experiences.
<b>The Principle of Continuous Learning: To Learn—Always!</b>	לָמַד	μαρθάνω	Exercise in, learn, be accustomed to learn				
<b>The Principle of Growth: To Grow</b>	נָמַץ	αὐξάνω	Sprout, spring, cause to grow	(H) Grow, spring up, branch out (G) To make grow, spread out, increase	To increase in the extent of or in the instances of an activity or state To increase, to grow, to	To cause to grow, to augment	The principle of growth implies that growth is caused – growth will spring up and branch out –

	Hebrew	Greek	Brown, Driver, Briggs	Strong	Louw & Nida	Thayer	Comments on the Depth of Meaning of the Definitions
					spread, to extend		increase can be caused.
<b>The Principle of Justice: To Administer Justice</b>	מִשְׁפָּט	κρίσις and δίκαιος and ἐκδίκησις	Judgment; the act of deciding a case; an attribute of the justice of God	(H) Judgment  (G) A decision; judgment; to declare to be righteous; vindication	The administration of justice; fairness; to give justice to someone who has been wronged	Judgment, that is, opinion or decision concerning anything especially concerning justice and injustice, right and wrong  Upright, righteous, virtuous, keeping the commands of God  To vindicate one from wrongs;	The principle of justice implies that our efforts will ultimately be judged and a decision will be made concerning them. It further implies our need to be just, to give justly and fairly, to choose rightly in the sense of right and wrong in the eyes of God.

	Hebrew	Greek	Brown, Driver, Briggs	Strong	Louw & Nida	Thayer	Comments on the Depth of Meaning of the Definitions
						accomplish the avenging of	
<b>The Principle of Service: To Serve</b>	עֲבָדָה	θεραπέυω and διακονία and διακονοῦσ	Labor, service, God's work	(H) Labor, service  (G) To serve; to cure	To render assistance or help by performing certain duties, often of a humble or menial nature; service, ministry	To serve or do service; to heal, cure, restore to health  Service, ministering; executing the commands of others  The servant of a king	The principle of service in many ways provides our purpose – to be in the service of God and others.

## **The Thematic Pairing of The Garden Principles**

For the purposes of study and articulation of The Garden Principles as seen throughout the covenant periods, it is of note that while they encompass twelve distinct principles, they can often be viewed as pairs of principles and represented in six groups of two. Each pair is thematically linked. Somewhat like the give and get in a covenant, give and get can be seen in each set of principles. Each like a two-sided coin—the pairs of principles are complimentary. Each governance principle only works well when complemented by the principle it is thematically paired with. The following are the twelve principles in six pairs and the rationale for those pairings.

The six pairs of principles are:

1. The Principle of Stewardship and Leadership: God gives mankind stewardship—mankind provides the leadership.
2. The Principle of Authority and Accountability: God gives mankind the authority, empowerment and resources—mankind is held accountable for all that is under their authority.
3. The Principle of Accomplishment and Measurement: God has a purpose in mind for that which He gives mankind stewardship and authority over (something He desires to accomplish)—mankind takes stock and measures to determine if purpose is being accomplished.
4. The Principle of Communication and Integrity: God communicates everything mankind needs to know through His Word—communication that is multi-faceted and engaging to the point of unity (one example is His provision of prayer as a 2-way communications mechanism)—mankind is to respond with complete integrity – integrity in all of its fullness - in character, word, deed, the use of power, and in relationships
5. The Principle of Continuous Learning and Growth: God makes Himself known to us, revealing Himself in ways that allow mankind to continually learn; and, throughout the process of leading that which mankind has stewardship of,



continuous learning occurs—mankind grows in means and knowledge in the process as does the fruit of their efforts. This growth is a blessing not an imperative.

6. The Principle of Justice and Service: God sets the standard for and metes out justice—through the service of humanity, God’s justice is accomplished. Mankind is to serve one another in love and respect with justice, mercy and equity, in order to fully serve God and man.

### **The Garden Principles in Successive Covenants and Covenantal Periods**

The following is not intended as a comprehensive study of covenant theology or of each of the successive covenants. It is intended to show the progression of a series of governing principles that are found throughout the successive covenants, and thus the epochs of time, toward a biblical theology of governance.

The Old Testament covenants are a precursor to the new covenant and Christ—the first covenants anticipate Christ, the last brings the final fulfillment. As Neihaus writes:

As a Great King, God chooses to live in a covenant relationship with chosen creatures. He is their Suzerain, and they are His vassals. So it was with Adam and Eve in the Creation Covenant. In fact, Major Old Testament covenants—the Noahic, the Abrahamic, the Mosaic, and the Davidic—were all initiated by God to prepare the way for the New Covenant of Jesus Christ, through whom the goals of the original Creation Covenant were attained: a new heaven and a new earth, and a new humanity to be God’s people.<sup>5</sup>

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<sup>5</sup> Jeffrey Neihaus, *God at Sinai* (Grand Rapids, MI: Zondervan, 1995), 383-84.

Therefore, in this section we will look at six covenants (Creation, Noahic, Abrahamic, Mosaic, Davidic, and the new covenant) in order to show how these governing principles are central and foundational throughout these.

Covenants are God's promises to people—they are binding agreements: agreements made with humankind out of His great love for us. As Szikszai writes, "God is the giver of the covenant; the covenant is a gift of His love."<sup>6</sup> And Weston expresses it this way: "The covenant keeping God has never deviated from His revealed purpose in the Edenic revelation. It is a love story; the story of a faithful creator and bridegroom redeemer."<sup>7</sup>

"I will be your God and you will be My people" is the heartbeat of every divine covenant in the Bible.<sup>8</sup> As MacKenzie writes, "Covenant is the principal image used in the Bible to express the relationship between God and humans."<sup>9</sup> Therefore, one would expect that the God who is "the same yesterday, today, and forever" (Heb 13:8) would remain the same in the terms of the foundational principles that underlie the covenants forming His relationship with humankind. For, as Robertson says, "God's covenants provide the foundation and structure for life."<sup>10</sup>

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<sup>6</sup> Stephan Szikszai, *Covenants in Faith and History* (Philadelphia: The Geneva Press, 1968), 43.

<sup>7</sup> Charles Gilbert Weston, *The Seven Covenants: A Study of the Bible Through the Seven Great Covenants of the Scriptures* (Jefferson, OR: Weston Bible Ministries, 1991), 6.

<sup>8</sup> O. Palmer Robertson, *Covenant, God's Way with His People* (Philadelphia: Great Commission Publications, 1987), 5.

<sup>9</sup> Steven L. McKenzie, *Covenant* (St. Louis, MO: Chalice, 2000), 8.

<sup>10</sup> Robertson, *Covenant*, 5.

There are two main words in the Bible for covenant: ברית (Hebrew; agreement, alliance, pact, covenant) and διαθήκη (Greek; last will and testament). A covenant is an agreement between two parties. It is usually formal and legally binding. There are standard aspects one would expect to see in any covenant, both in the earliest covenants in the historical records and in legal covenants today.<sup>11</sup> These are

1. Title/preamble
2. Historical prologue
3. Stipulations
4. Witnesses
5. Blessing
6. Curses

For example, in the creation (Edenic) covenant there is

1. Title/preamble: "In the beginning God created the heavens and the earth." (Gen 1:1)
2. Historical prologue: Outlines what God did in creation (Gen 1–2:29)
3. Stipulations: "Then God blessed them, and God said to them, 'Be fruitful and multiply; fill the earth and subdue it; have dominion over the fish of the sea, over the birds of the air, and over every living thing that moves on the earth.'" . . . "Of every tree of the garden you may freely eat; "but of the tree of the knowledge of good and evil you shall not eat, for in the day that you eat of it you shall surely die." (Gen 1:28; 2:16-17a)
4. Witnesses: "Then God saw everything that he had made, and indeed it was very good." (Gen 1:31)
5. Blessing: "Then God blessed the seventh day and sanctified it." (Gen 2:3)
6. Curses: "But of the tree of the knowledge of good and evil you shall not eat, for in the day that you eat of it you shall surely die." (Gen 2:17)

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<sup>11</sup> Neihaus, *God at Sinai*.

The governing principles can be found within these aspects of the covenants along with the rest of the text making up the corpus of each subsequent covenant. The following is an exploration of the principles found in the successive covenants.

### The Creation Covenant (Edenic)

The creation (or Edenic) covenant is found early in the book of Genesis (Gen 1–2; see Table 3.2: The Creation (Edenic) Covenant and The Garden Principles). It is here, in the garden, that The Garden Principles are first established.

Longman and Garland say of Genesis 1:1 that “these seven Hebrew words are the foundation of all that is to follow in the Bible. The purpose of the statement is threefold: to identify the Creator, to explain the origin of the world, and to tie the work of God in the past to the work of God in the future.”<sup>12</sup>

From the first line of the Bible, God is establishing ownership as the Creator of everything, the heavens and earth, everything in them, as well as humankind. “The narrative states that God created all that exists. As it stands, the statement is an affirmation that God alone is eternal and that everything else owes its origin and existence to him.”<sup>13</sup>

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<sup>12</sup> Longman and Garland, *Expositors Bible Commentary*, 50.

<sup>13</sup> Longman and Garland, *Expositors Bible Commentary*, 50.

Humanity is a steward only of a world filled with resources that belong to God. And too, people are stewards only of our own lives; these too belong to Him. The first fundamental governance principle is established: humankind is given stewardship over what is owned by God. Humans are trustees, fiduciaries, given responsibility to manage creation faithfully on behalf of its owner, the Creator.

In the second principle, leadership (the pair or obverse of the first, stewardship), God gives the leadership of everything in the earth over to humankind, who are to have dominion over it all. From the beginning God establishes a personal relationship between Himself and man. As Szikszai writes: "The covenant creates a personal relationship with God; God, the giver of the covenant, manifests Himself as a person."<sup>14</sup>

God gives humankind all authority for keeping and tending the garden, which is the third principle. This authority was given to humankind and human kind alone. People have the ability to reason, and to govern, everything created on earth, whether in the sea, the sky or on land.

This authority comes with a covenant obligation: God expects humankind to be accountable to follow a simple ground rule. "God prepared the land for mankind by dividing the waters and furnishing its resources. Then He gave the land and its resources to His creatures as a place of divine blessing. The gift of the land was then safeguarded

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<sup>14</sup> Szikszai, *Covenants in Faith and History*, 43.

by a call for obedience.”<sup>15</sup> Accountability “implies the moral responsibility of God toward man and of man toward His creator.”<sup>16</sup>

Dominion is about stewardship of God’s resources for the purpose of accomplishing something, not using something that belongs to someone else for our own benefit. The responsibility then is to seek to attain the highest and best uses of those resources for the benefit of all creation.

Accomplishment is pleasing to God: He created all things and was pleased with His accomplishments. In His own words: “Then God saw everything that He had made, and indeed it was very good” (Gen 1:31). He had transformed nothing (creation ex nihilo) into the heavens and the earth and all that were in them. He commanded, and His works were accomplished. He commands humankind to accomplishment, and His work on earth are accomplished by people. As Reno writes, “Commandment and obedience are far from contrastive and competitive. They interlock and work together as the engine of transformation.”<sup>17</sup>

The paired principle is measurement: God has an expectation of yields and of humankind being able to and taking stock to measure if the purpose is being accomplished. God is looking for yields. If the herbs and fruit trees were not bearing

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<sup>15</sup> Longman and Garland, *Expositors Bible Commentary*, 54.

<sup>16</sup> Weston, *Seven Covenants*, 4.

<sup>17</sup> R. R. Reno, *Genesis*, Brazos Theological Commentary on the Bible (Grand Rapids, MI: Baker Publishing Group, 2010), 70.

fruit, there would be no food. And the expectation of having the ability to assess crops and measure the yield is more than implicit. Weston writes of this expectation: “Most of our work, agricultural, road building, mining, smelting, manufacturing, chemistry, invention and true scientific effort aim at fulfilling this command, or, we may say, provision.”<sup>18</sup>

The next governance principle articulated and passed on in the garden is communication itself: God will always clearly communicate what humankind needs to know, and this call for open, clear, and unambiguous communication extends to how humans are expected to govern. The first two chapters of Genesis are imbued with the concept and power of God speaking: “Then God said,” “and God said to them,” “the Lord God commanded man.” And the communication was two-way. God spoke with Adam and Eve, as they conversed with Him.

The paired principle is God’s expectation that humankind is to respond with complete integrity. Before the fall, Adam and Eve had complete integrity—they were complete and whole—they were naked and unashamed—but after the fall, they had lost their integrity and were now aware of and ashamed of their nakedness. “The effect of the fall is not simply that the man and the woman become aware of their ‘nakedness.’ Rather, they come to know that they are ‘naked’ in the sense of being

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<sup>18</sup> Weston, *Seven Covenants*, 4.

‘under God’s judgment.’”<sup>19</sup> They were no longer “whole.” Through God’s multi-faceted Word, (that being His written and revealed Word, including Jesus Himself) He communicates everything mankind needs to know. Mankind is to respond with complete integrity. That is integrity in all of its fullness—in character, word, deed, the use of power, and in relationships, with openness, transparency and fullness—the complete, “unashamed and naked” truth so to speak. Just as God communicates in a multi-faceted way, with complete integrity so too should mankind. Communicating not only with integrity in word, but integrity in intent and actions.

The next principle is continuous learning: God continually makes Himself known to humankind. Adam and Eve walk with and commune with God in the garden. Before the fall, God’s desire was for humankind to grow only in the knowledge of Him and all that was good. As a result of the fall, evil is now a part of human experience and knowledge. Yet humankind’s continuous learning does not end there: God continues to reveal Himself to people throughout the millennia of history since that day, and we are called to a lifelong process of sanctification accordingly. There is a link between obedience, continuous learning and growth. “Because we can obey, we are teachable. We can be guided, trained, and directed. We can be changed from who we presently are into something more focused, more developed, more perfect.”<sup>20</sup>

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<sup>19</sup> Longman and Garland, *Expositors Bible Commentary*, 84.

<sup>20</sup> Reno, *Genesis*, 70.



The paired principle is growth: God's expectation is that humankind and all of creation would grow in means, knowledge, and fruitfulness ("be fruitful and multiply," Gen 1:22, 28). Growth is both an expectation and a blessing, in keeping with the fundamental character of a covenant. As Weston writes, there was "only one simple test amid every conceivable blessing. A test of character, indicating capacity and need for growth and development of character."<sup>21</sup>

The next principle is justice: God sets the standard for and metes out justice. God is righteous, and justice is fair and equitable. In the garden, there was only one thing that Adam and Eve were prohibited from doing, but they failed and justice was served: death came to humankind. To dust humankind shall return.

The final paired principle is service: through the service of humanity, God's justice is accomplished. Genesis 2:15 records that "then the Lord God took the man and put him in the garden of Eden to tend and keep it." Through this act, God gives dominion to humankind, and humankind to the service of the world.<sup>22</sup>

And here the covenant is completed and the circle is closed: justice enables mercy, the law invites grace, sanctification is the path to righteousness and integrity, submitting to the divine power and abandoning self results in an abundant

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<sup>21</sup> Weston, *Seven Covenants*, 5.

<sup>22</sup> "The human capacities for disciplined work ('till') and concentrated attention ('keep') are instances of dominion." Reno, *Genesis*, 68.

empowerment of resources, servanthood is the ultimate outliving of leadership, service is the essence of successful stewardship.

**Figure 3.2: The Garden Principles Come Full Circle**

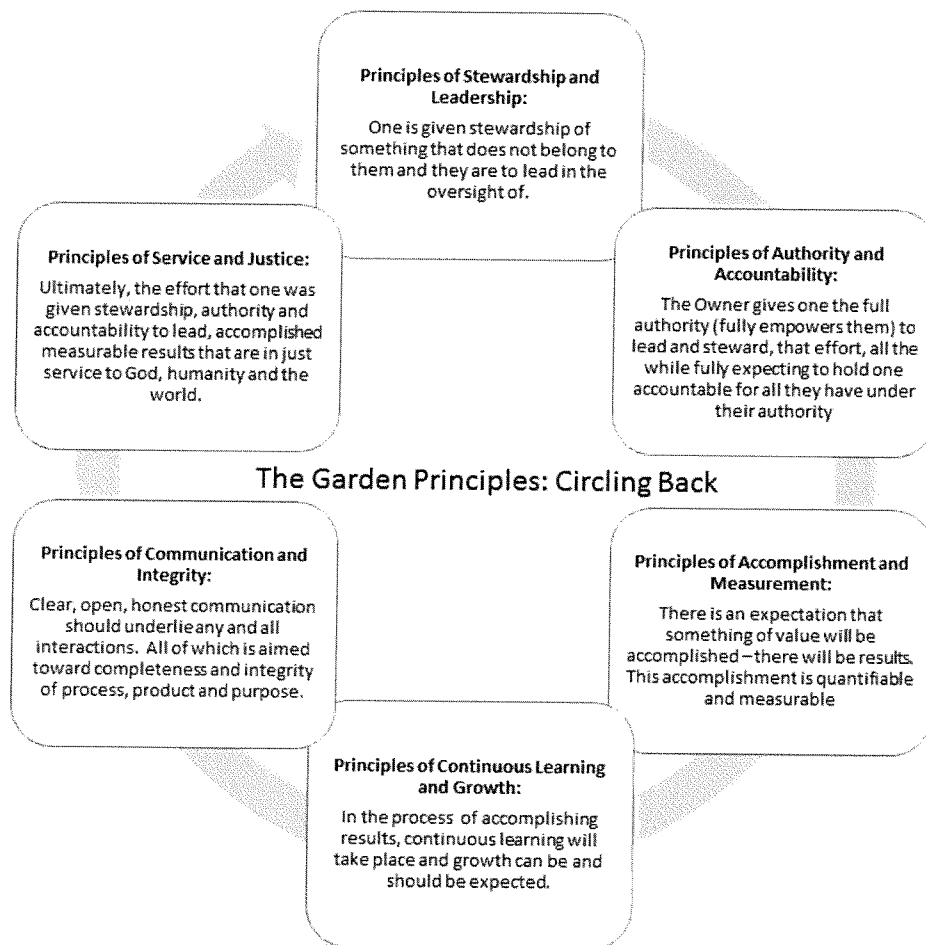


Table 3.2 below compares each Garden Principle with the referent biblical passage (from Eden in Gen 1–3) and includes an explanation demonstrating the linkages between the principles and the text.

**Table 3.2: The Creation (Edenic) Covenant and The Garden Principles**

Principle	Creation (Edenic) Covenant	Demonstration of Governance Principles in the Covenant
<b>Stewardship:</b> Humankind is given stewardship over what is owned by God	Gen 1:1 “In the beginning God created the heavens and the earth”  Gen 2:7 “And the Lord God formed man of the dust of the ground, and breathed into his nostrils the breath of life; and man became a living being.”	From the first line of the Bible God is establishing ownership—as the Creator of everything, the heavens and earth, everything in them, as well as humankind. Humankind is a steward only of a world filled with resources that belong to God. And too, people are stewards only of their own lives—these too belong to Him.
<b>Leadership:</b> Humankind is asked to provide leadership	Gen 1:28 “Then God blessed them, and God said to them, ‘Be fruitful and multiply; fill the earth and subdue it; have dominion over the fish of the sea, over the birds of the air, and over every living thing that moves on the earth.’”	God gives the leadership of everything in the earth over to humankind; humanity is to have dominion over it all.
<b>Authority:</b> God gives humankind authority	Gen 2:15 “Then the Lord God took the man and put him in	God gives humankind all authority for keeping and tending the garden.

Principle	Creation (Edenic) Covenant	Demonstration of Governance Principles in the Covenant
	the garden of Eden to tend and keep it.”	
<b>Accountability:</b> God expects accountability from humankind	Gen 2:16 “Of every tree of the garden you may freely eat; but of the tree of the knowledge of good and evil you shall not eat, for in the day that you eat of it you shall surely die.”	God lays the ground rules; humankind is accountable to follow them.  “Implies the moral responsibility of God toward man and of man toward His creator.” <sup>23</sup>
<b>Accomplishment:</b> God has a purpose in mind for humankind—something to be accomplished	Gen 1:31 “Then God saw everything that He had made, and indeed it was very good.”	Accomplishment is pleasing to God. He created all things, and He was pleased with His accomplishments.
<b>Measurement:</b> Humankind can take stock and measure to see if the purpose is being accomplished	Gen 1:29 “See, I have given you every herb that yields seed which is on the face of all the earth, and every tree whose fruit yields seed; to you it shall be for food.”	God is looking for yields. If the herbs and fruit trees were not bearing fruit, there would be no food. And expectation of having the ability to assess crops and measure the yield is more than implicit.
<b>Communication:</b> God communicates what humankind needs to know	Gen 1:28 “and God said to them . . .”	God speaks to humankind openly, clearly, and unambiguously.
<b>Integrity:</b> Humankind is to respond with complete integrity	Gen 2:25 “And they were both naked, the man and his	Before the fall, Adam and Eve had complete integrity.

<sup>23</sup> Weston, *Seven Covenants*, 4.

Principle	Creation (Edenic) Covenant	Demonstration of Governance Principles in the Covenant
	wife, and were not ashamed.”  Gen 3:7 “Then the eyes of both of them were opened, and they knew that they were naked; and they sewed fig leaves together and made themselves coverings.”	After the fall, Adam and Eve had lost their integrity. No longer were they complete and perfect. Sin had robbed them of their integrity, and they were now ashamed and aware of their nakedness.
<b>Continuous Learning:</b> God continually makes Himself known to humankind	Gen 3:22 “Behold, the man has become like one of Us, to know good and evil.”	God would have preferred that Adam and Eve walk and commune with Him in the garden, in the cool of the day, growing in their knowledge of him. God’s desire was for humankind to grow only in the knowledge of Him and all that was good. Unfortunately, as a result of the fall, evil is now a part of human experience and knowledge.
<b>Growth:</b> Humankind grows in means, knowledge, and fruitfulness	Gen 1:22, 28 “Be fruitful and multiply”	Growth is an expectation and a blessing.
<b>Justice:</b> God sets the standard for and metes out justice for humankind	Gen 2:17 “But of the tree of the knowledge of good and evil you shall not eat, for in the day that you eat of it you shall surely die.”	Justice must be served. God set a standard for humankind: there was only one thing they were prohibited from doing.

Principle	Creation (Edenic) Covenant	Demonstration of Governance Principles in the Covenant
	Gen 3:19 "In the sweat of your face you shall eat bread / Till you return to the ground, / For out of it you were taken; For dust you are, / And to dust you shall return."	However, humankind failed and justice was served. Death came to humankind; to dust they shall return.
<b>Service:</b> Through the service of humankind God's justice is accomplished	Gen 2:15 "Then the Lord God took the man and put him in the garden of Eden to tend and keep it."	God gives humankind to the service of the world.

### The Noahic Covenant

The universal deluge brought both an opportunity and an imperative to renew the covenant between God and His people, through Noah, a second Adam. "The flood closed one epoch of world history and opened another."<sup>24</sup>

As one would expect from an unchanging sovereign God, the principles first given to humankind in the Edenic Covenant are renewed and refreshed in the Noahic. God gives stewardship of all creation into Noah's hand: "And the fear of you and the dread of you shall be on every beast of the earth, on every bird of the air, on all that

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<sup>24</sup> Gordon J. Wenham, *Genesis 1-15*, Word Biblical Commentary (Nashville: Thomas Nelson, 1987), 204.

move on the earth, and on all the fish of the sea. They are given into your hand” (Gen 9:2). This affirms that God, the creator, has this dominion to give in the first place, it is His to give—he is the “principal,” “owner,” “master,” and “lord” of this fiduciary arrangement.

Humankind through Noah is expected to provide leadership, and along with that leadership expectation comes both legitimate authority and responsibility. There are expectations and rules—a reckoning will be demanded, and this is tied to the blood, which is central to almost all ancient covenants, including the biblical covenants. Covenants are sealed through the shedding of blood, be it the covenanters’ themselves, or that of a suitable proxy (e.g., an unblemished lamb).<sup>25</sup> Life is in the blood, for every beast as well as humankind. Whoever sheds blood will see his blood shed. Eating flesh with blood is forbidden. Carson writes, “But now Noah was allowed to eat meat, provided the blood was drained out first as a mark of respect for the God-given life contained in it.”<sup>26</sup> Accountability for blood, for life, for the authority over all beasts and for all humankind, is not only symbolic but very real.

God has a purpose for Noah and humankind to accomplish. By stewarding and leading creation faithfully, humankind will ensure that the earth is preserved for future

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<sup>25</sup> Edwin Reiner, *The Covenants* (Nashville, TN: Southern Publishing Association, 1967), 31.

<sup>26</sup> D. A. Carson, G. J. Wenham, J. A. Motyer, and R. T. France, eds., *New Bible Commentary: Twenty-first-century edition* (Leicester: Inter-Varsity Press, 1994), WORDsearch CROSS e-book, 67.

generations of all living creatures. “Noah, in many respects a second Adam, head of the new humanity and recipient of the renewed commission to fill the earth and subdue it, makes a more promising start.”<sup>27</sup> And, through Noah, “the hopes of the world were linked with the one typical representative human head.”<sup>28</sup>

Once again, this purpose is accompanied by an expectation of tangible and measurable outcomes. God is looking for fruitfulness and multiplication in abundance. Humankind is enabled and expected to take stock and measure to see if the purpose is being accomplished. The expectation is once again set in Genesis 9:7:

“And as for you, be fruitful and multiply;  
bring forth abundantly in the earth  
And multiply in it.”

The principle of communication is explicit and clear in the Noahic covenant, perhaps unsurprising given the generations of humankind who drifted and departed from the Word given in the garden and the first covenant. God spoke to Noah and his sons. God is open, direct, and frank in outlining the elements of the covenant. Finally, God seals the covenant with a sign: He communicates visually, not just verbally, with the rainbow in the sky, a promise to never again flood the earth.

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<sup>27</sup> Wenham, *Genesis 1-15*, li.

<sup>28</sup> *Faussett Bible Dictionary*, circa 1888, electronic edition generated and owned by International Bible Translators (IBT), 1998.



The principle of integrity is illustrated by God's expectation that humankind will accomplish multiplication and fruitfulness in a way that has complete integrity of purpose. Noah was chosen because he was a man of integrity, when so many others were passed over. For "Noah alone found grace in His sight; of him and Enoch alone it is written, 'they walked with God.' Noah was 'just and perfect in his generations,' among the successive generations which passed during his lifetime. God renews His covenant of grace to mankind in Noah's person, the one beacon of hope amidst the ruin of the existing race."<sup>29</sup> That same integrity and quality of character are expected to be communicated, transmitted, and passed down through the generations of this new covenant.

By revealing more of Himself to humankind—more mercy, more of a personal relationship and character—God illustrates the principle of continuous learning. In each successive covenant and encounter between God and humankind, God enables and expects more learning and capacity. Genesis 9:9 reads, "And as for Me, behold, I establish My covenant with you and with your descendants after you." The Hebrew word הִנֵּנִי ("lo, behold") places stress on the words to follow, אֶקְדֵּם אֶת־בְּרִיתִי ("I establish My covenant)" and introduces an unexpected new development, the raising up of a covenant with Noah and his descendants. The promise of His covenant will be revealed,

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<sup>29</sup> *Faussett Bible Dictionary.*

and His people will behold it. This covenant is not merely words. It is a promise that they will “behold!” His promise will be revealed over time.

“Be fruitful and multiply” is God’s clear affirmation of the principle of growth expected of humankind and all creation, mirroring the Edenic covenant. Humanity is expected to grow not only in numbers but also in means, knowledge, fruitfulness, and abundance. As Wesley wrote,

By virtue of this blessing mankind was to be both multiplied and perpetuated upon earth; so that in a little time all the habitable parts of the earth should be more or less inhabited; and tho’ one generation should pass away, yet another generation should come, so that the stream of the human race should be supplied with a constant succession, and run parallel with the current of time, ‘till both be swallowed up in the ocean of eternity.<sup>30</sup>

Further, the Noahic covenant is accompanied by justice. God sets the standard for justice: “from the hand of every man’s brother I will require the life of man.” There is a standard for obedience and consequences for disobedience. “The Noahic Covenant was an act of mercy in the midst of judgment.”<sup>31</sup>

Finally, centrally and needfully, the Noahic covenant also reflects the principle of service. God provides everything that humankind will need; abundant resources (“all things”) are at their disposal, to use in service. Through the service of Noah and his descendants, God’s purpose and righteousness are accomplished, not only for humanity

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<sup>30</sup> John Wesley, *John Wesley’s Explanatory Notes on the Old Testament*, accessed July 14, 2014, <http://wesley.nnu.edu/john-wesley/john-wesleys-notes-on-the-bible/>.

<sup>31</sup> Weston, *Seven Covenants*, 8.

but also for all of creation. Humankind, created in God's image, is to serve the rest of creation (what one might consider "lower beings"), to tend and steward, to subordinate self-interest to the broader interests of creation and so to serve God by serving others.

Trust is an expectation that others will act in one's own interest.<sup>32</sup> It was humankind acting in its self-interest that led to the flood in the first place, yet despite its behavior before the flood, God again renews and extends trust to humankind. God expects that humanity will act in God's and creation's interest, and not in its self-interest. Trust is given again by God to humanity, in the aspiration that, this time, it might earn it. For "the flood represented God's punishment on the world, but also His grace. Noah and his family were spared to make a new beginning."<sup>33</sup>

Table 3.3 below compares each Garden Principle with the referent biblical passage (from Gen 9) and includes an explanation demonstrating the linkages between the principles and the text.

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<sup>32</sup> David J. Seipp, "Trust and Fiduciary Duty in the Early Common Law," *Boston University Law Review* 91 (2011): 1011-14.

<sup>33</sup> Andrew E. Hill and John H. Walton, *A Survey of the Old Testament* (Grand Rapids, MI: Zondervan, 2000), 69.

**Table 3.3: The Noahic Covenant and The Garden Principles**

<b>Principle</b>	<b>Noahic Covenant</b>	<b>Demonstration of Governance Principles in the Covenant</b>
<b>Stewardship:</b> Humankind is given stewardship over what is owned by God	Gen 9:2 "And the fear of you and the dread of you shall be on every beast of the earth, on every bird of the air, on all that move on the earth, and on all the fish of the sea. They are given into your hand."	God cannot give what is not His. God is the creator of all living things and therefore is able to appoint humankind as stewards over all.
<b>Leadership:</b> Humankind is asked to provide leadership	Gen 9:1-2 "So God blessed Noah and his sons, and said to them: 'Be fruitful and multiply, and fill the earth. And the fear of you and the dread of you shall be on every beast of the earth, on every bird of the air, on all that move on the earth, and on all the fish of the sea. They are given into your hand.'"	As is the case in the creation covenant, leadership (dominion over all things in the earth) is given to humankind, and faithful leadership is expected.
<b>Authority:</b> God gives humankind authority	Gen 9:2 "They are given into your hand."	"Given into your hand" is the key phrase here. Leadership authority and responsibility are given to humankind.
<b>Accountability:</b> God expects accountability from humankind	Gen 9:4-6 "But you shall not eat flesh with its life, that is, its blood. Surely for your lifeblood I will demand a reckoning; from the hand of every beast I will require it, and from the hand of man. From the hand of every man's brother I will require the life of man."	There are rules, and a reckoning will be demanded. Accountability for all life is expected.

Principle	Noahic Covenant	Demonstration of Governance Principles in the Covenant
	"Whoever sheds man's blood, / By man his blood shall be shed; / For in the image of God / He made man."	
<b>Accomplishment:</b> God has a purpose in mind for humankind—something to be accomplished	Gen 9:11 "Thus I establish My covenant with you: Never again shall all flesh be cut off by the waters of the flood; never again shall there be a flood to destroy the earth."	God has a purpose—to ensure the earth is never flooded again—so that it is preserved for future generations of all living creatures.
<b>Measurement:</b> Humankind can take stock and measure to see if the purpose is being accomplished	Gen 9:7 "And as for you, be fruitful and multiply; / Bring forth abundantly in the earth / And multiply in it."	God is looking for fruitfulness and multiplication, and that it be in abundance.
<b>Communication:</b> God communicates what humankind needs to know	Gen 9:1 "So God blessed Noah and his sons, and said to them . . ."  Gen 9:8 "Then God spoke to Noah and his sons . . ."  Gen 9:12 "And God said, this is the sign . . ."	God is clear in his communications, He speaks to them directly and communicates visually with a sign in the sky (the rainbow).
<b>Integrity:</b> Humankind is to respond with complete integrity	Gen 9:7 "And as for you, be fruitful and multiply; / Bring forth abundantly in the earth / And multiply in it."	There is an expectation that humankind will accomplish multiplication and fruitfulness in a way that has complete integrity of purpose. Noah was chosen because he was a man

Principle	Noahic Covenant	Demonstration of Governance Principles in the Covenant
		of integrity, and this quality and expectation is to be transmitted to each generation.
<b>Continuous Learning:</b> God continually makes Himself known to humankind	Gen 9:9 "And as for Me, behold . . ."	God shows them more of himself—more mercy, more of a personal character and relationship. Each covenant reveals more of God and expects greater capacity in humankind.
<b>Growth:</b> Humankind grows in means, knowledge and fruitfulness	Gen 9:7 "Be fruitful and multiply"	As with the creation covenant, growth is an expectation and is central to God's purpose.
<b>Justice:</b> God sets the standard for and metes out justice for humankind	Gen 9:5 "From the hand of every man's brother I will require the life of man."	God sets standards for justice. He requires justice and obedience and warns of a reckoning for disobedience.
<b>Service:</b> Through the service of humankind God's justice is accomplished	Gen 9:3 "I have given you all things, even as the green herbs."	God gives mankind to the service of the world. Everything is provided and at people's disposal to use in His service. Humankind is expected to turn from the self-interest before the flood to acting in the interests of others after the flood.

## The Abrahamic Covenant

God's covenant with Abraham occurs at the next pivotal moment of God's relationship with humankind: God is calling out and setting aside His chosen people, Israel, and moving them to His promised land. "Without the blessing of God the situation of humanity is without hope: that seems to be the chief thrust of the opening chapters of Genesis. But the promises first made to Abraham in Genesis 12:1-3 begin to repair that hopeless situation. The five-fold blessing here counteracts the five curses that have been pronounced earlier."<sup>34</sup>

The terms of the Abrahamic covenant are outlined in several different places in Genesis, not only because God renewed and refreshed His covenant on several occasions with Abraham directly during his life, but also because God renewed this covenant with his son Isaac, and subsequently with his grandson Jacob (Israel).

The covenant begins with God giving Abram a land that does not belong to him, and in fact a distant and strange land that Abram and his family will need to leave everything familiar behind for, and emigrate to. This land belongs to God and has been set aside by God for His chosen people, the descendants of Abram. Once again humankind is being given stewardship over what is owned by God. In fact there are many other nations who already live in this land, yet God is taking stewardship of the

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<sup>34</sup> Wenham, *Genesis 1-15*, li.

land away from them and explicitly giving it to Abram and his descendants: this confirms that the land is God's to give and to take away (Gen 15:13-21).

It is not only the promised land that God is giving to Abram but also the founding and leadership of a great nation, a nation and a leader blessed by God. Humankind not only is given leadership but also is expected to provide faithful leadership to all the nations of earth. "God's covenant with Abraham embraced all the nations of the earth."<sup>35</sup>

God explicitly gives Abraham complete authority over the land ("Arise, walk in the land through its length and its width, for I give it to you"). This authority is an inheritance; the covenant extends to Abraham's son, his son's son, and so on through the generations.

The principle of accountability is demonstrated through God's expectation of Abraham's obedience and the renewal of the covenant with his successors by virtue of that obedience reported later in Genesis: "because Abraham obeyed My voice and kept My charge, My commandments, My statutes, and My laws" (Gen 26:4).

God has a purpose in mind for Abraham and his descendants to accomplish: to bless all of the families of the earth. This would be God's greatest accomplishment, and He is using Abraham to bring it to pass. "Abraham's obedience to the divine call,

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<sup>35</sup> Reiner, *Covenants*, 29.



forsaking his homeland and family for the worship of the Lord in the land of promise, stands as an example and an incentive to all his descendants to follow suit. This will bring blessing on themselves and to the world.”<sup>36</sup>

Once again, tangible outcomes are expected, that can and should be measured. The size and success of the nation would be measurable (“your descendants as the stars in the sky”).

The principle of communication is illustrated in several different ways in God’s successive covenants with Abraham: God spoke directly to him, God came to him in visions and a dream, God “showed” him, God sent angelic messengers to him. God gave Abraham a vision for His plan for him. God communicates clearly what humankind needs to know, and that serves as a model in governance today.

Humankind is expected to respond with complete integrity: Abraham believed in the Lord and He accounted it to him for righteousness. “God’s gracious promise prompted Abram to repeated acts of thankful worship.”<sup>37</sup> God expected Abraham to respond with integrity, and he did. “Leaving homeland and family was a much greater decision in a traditional society than in today’s mobile, individualistic culture. Abram risked everything he held most dear to obey God’s call.”<sup>38</sup>

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<sup>36</sup> Wenham, *Genesis 1-15*, 281.

<sup>37</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 70.

<sup>38</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 70.

The Abrahamic covenant is especially illustrative of the principle of continuous learning. When Abram first met God, he did not know Him. God revealed Himself to Abram and continued to do so throughout his lifetime, increasingly and iteratively revealing Himself to Abraham over time.

The principle of growth is clearly demonstrated: “I will make your descendants as the dust of the earth; so that if a man could number the dust of the earth, then your descendants also could be numbered” (Gen 13:16). Growth is both an expectation and a promise, a promise that God fulfilled utterly. Abraham is to “father children, inherit a land, enjoy divine protection, and be a source of blessing to the world.”<sup>39</sup>

The principle of justice, too, is clearly and famously demonstrated in the Abrahamic covenant:

“I will bless those who bless you,

And I will curse him who curses you.” (Gen 12:3)

Justice belongs to God, and He will serve out that justice in direct measure to the way people treat Abraham. Blessing will bring blessing, cursing will bring curse. “In ancient times, covenants were entered into with great solemnity. To demonstrate the seriousness of the pact and to show that death was the result of transgression, blood was shed.”<sup>40</sup>

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<sup>39</sup> Wenham, *Genesis 1-15*, 282.

<sup>40</sup> Reiner, *Covenants*, 31.

And the final principle of service is also aptly illustrated in God's covenant with Abraham, because by and through Abraham all the families of the earth shall be blessed. Abraham was given to the service of humankind, and through that service, every family on earth will be blessed. "In relatively simple terms the Apostle Paul has summarized the Abrahamic Covenant in Galatians 3:28-29: There is neither Jew nor Greek, there is neither slave nor free, there is neither male nor female; for you are all one in Christ Jesus. And if you *are* Christ's, then you are Abraham's seed, and heirs according to the promise."<sup>41</sup>

Table 3.4 below compares each Garden Principle with the referent biblical passage (largely drawn from Gen 12–13, 15) and includes an explanation demonstrating the linkages between the principles and the text.

**Table 3.4: The Abrahamic Covenant and The Garden Principles**

Principle	Abrahamic Covenant	Demonstration of Governance Principles in the Covenant
<b>Stewardship:</b> Humankind is given stewardship over what is owned by God	Gen 12:1 "Get out of your country, / From your family / And from your father's house, / To a land that I will show you."	God is giving Abram a land that does not belong to him. Others will need to leave this land that Abram is receiving stewardship of; it is God's land to

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<sup>41</sup> Reiner, *Covenants*, 36.

Principle	Abrahamic Covenant	Demonstration of Governance Principles in the Covenant
		give (see Gen 15:13-21).
<b>Leadership:</b> Humankind is asked to provide leadership	Gen 12:2 "I will make you a great nation; / I will bless you / And make your name great; / And you shall be a blessing."	God is giving Abram leadership of a great nation—a nation and a leader blessed by God.
<b>Authority:</b> God gives humankind authority	Gen 13:17 "Arise, walk in the land through its length and its width, for I give it to you."  Gen 15:7 "Then He said to him, 'I am the Lord, who brought you out of Ur of the Chaldeans, to give you this land to inherit it.'"	Abraham is given complete authority over the land.
<b>Accountability:</b> God expects accountability from humankind	Gen 26:4 "And I will make your descendants multiply as the stars of heaven; I will give to your descendants all these lands; and in your seed all the nations of the earth shall be blessed; because Abraham obeyed My voice and kept My charge, My commandments, My statutes, and My laws."	God expects accountability and obedience to Him.
<b>Accomplishment:</b> God has a purpose in mind for humankind—something to be accomplished	Gen 12:3 "And in you all the families of the earth shall be blessed."	God had a purpose—to bless all of the families of the earth. This would be His greatest accomplishment, and He was using Abram to bring it to pass.
<b>Measurement:</b> Humankind can take stock and	Gen 12:2 "I will make you a great nation."	The size and success of the nation would be measurable—

Principle	Abrahamic Covenant	Demonstration of Governance Principles in the Covenant
measure to see if the purpose is being accomplished		descendants as the stars in the sky.
<b>Communication:</b> God communicates what humankind needs to know	Gen 12:1 "Now the Lord said to Abram . . ."  Gen 12:1 "I will show you . . ."  Gen 13:14 "Lift your eyes now and look . . ."	God spoke, God came in a visions/dream, God showed Abram (gave him a vision for His plan for him).
<b>Integrity:</b> Humankind is to respond with complete integrity	Gen 15:5-6 "'Look now toward heaven, and count the stars if you are able to number them. And He said to him, 'So shall your descendants be.' And he believed in the Lord, and He accounted it to him for righteousness."	The was an expectation of integrity, and because Abram believed in the Lord it was accounted to him for righteousness.
<b>Continuous Learning:</b> God continually makes Himself known to humankind	Gen 15:1 "After these things the word of the Lord came to Abram in a vision, saying, 'Do not be afraid, Abram. I am your shield, your exceedingly great reward.'"	When Abram first met God he did not know Him. God revealed Himself to Abram, and He continued to do so throughout his lifetime, increasingly revealing Himself to Abraham over time.
<b>Growth:</b> Humankind grows in means, knowledge and fruitfulness	Gen 13:16 "And I will make your descendants as the dust of the earth; so that if a man could number the dust of the earth, then your descendants also could be numbered."	Abram through his descendants grew beyond number. Growth was anticipated at the beginning of the

Principle	Abrahamic Covenant	Demonstration of Governance Principles in the Covenant
		covenant, and it came to pass.
<b>Justice:</b> God sets the standard for and metes out justice for humankind	Gen 12:3 "I will bless those who bless you, / And I will curse him who curses you."	Justice belongs to God. He would mete out that justice in direct correlation to the way in which Abram was treated. Blessing brought blessing, and cursing brought cursing.
<b>Service:</b> Through the service of humankind God's justice is accomplished	Gen 12:2 "You shall be a blessing"  Gen 12:3 "And in you all the families of the earth shall be blessed."	Abram was given to the service of humankind— a service that would bless every family on earth.

### The Mosaic Covenant

"By far the most prominent covenant in the Hebrew Bible is the one mediated by Moses between God and Israel."<sup>42</sup>

Even during Abraham's lifetime, God made it clear that Abraham's immediate family would not occupy the promised land and establish the great nation but in fact would have to sojourn in Egypt for four hundred years. Only then would his descendants

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<sup>42</sup> McKenzie, *Covenant*, 4.

move back and occupy the land and establish the nation (Gen 15:13-21). As the chosen people linger in Sinai on their way out of bondage in Egypt, God renews His promise to Abraham and gives the people stewardship over the promised land, a land that does not belong to them and is explicitly God's ("for all the earth is Mine," Exod 19:5).

In time, Moses is given the mantle of stewardship and leadership by God, asked to lead His people to freedom and to enable the children of Israel to inhabit the promised land.

The principle of authority is demonstrated by God giving the people the authority to possess the land ("you shall possess it," Deut 30:5). Not only does God expect the people to be accountable for this charge, but also the people fully expect this accountability and acknowledge it. "The people accepted the proposed contract wholeheartedly."<sup>43</sup>

Again, God has a purpose in mind to be accomplished, and this purpose is much greater than the immediate task. God's purpose is no less than saving the whole world, beginning with redeeming His people from bondage in Egypt. This purpose and promise is accompanied by an expectation to achieve tangible outcomes: "He will prosper you and multiply you more than your fathers" (Deut 30:5). The freedom and prosperity of the people would be a measure of this accomplishment.

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<sup>43</sup> Weston, *Seven Covenants*, 25.

Of all the governance principles, perhaps communication is most clearly demonstrated in the Mosaic covenant. God spoke directly to and through Moses; then God spoke loud and clear directly to His people: frighteningly so. “As the people stood in awe before the mountain, they heard the very voice of God introducing himself to them: *‘I am the Lord your God, who brought you out of Egypt, out of the land of slavery.’*”<sup>44</sup>

In the generations since the earlier covenants, humankind had developed writing, and so God’s communication in the Mosaic covenant went beyond verbal, visual, and supernatural to concrete, written words. The effect was dramatic: the stipulations of this covenant were literally carved in stone, tablets to be carried with the people wherever they went, and accessible the way verbalizations cannot be. God communicated what humankind needed to know: ten commandments that clearly, unambiguously, even starkly communicated the stipulations of the covenant between God and His people.

Even though this was the first time that these precepts were formally written, these were not new. “After Adam’s sin and fall nothing was taken from the law of God. The principles of the Ten Commandments existed before the fall, and were of a character, suited to the condition of a holy order of beings. After the fall, the principles

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<sup>44</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 106.



of those precepts were not changed, but additional precepts were given to meet man in his fallen state.”<sup>45</sup>

In response, the people are expected to act and behave with complete integrity. The people are expected to love God and to keep His commandments, and to receive mercy in return.

The Mosaic covenant is also a prime example of the principle of continuous learning, the continual and increasing revelation of God to His people. God’s veil is lifted to a greater degree than ever before, His essential character, purpose, and plan illuminated as steps in the path of His people. As Weston writes, “The Mosaic covenant is an essential step in the progressive revelation of God’s plan of redemption for mankind.”<sup>46</sup>

Once again, there is an expectation and a promise of growth: “The Lord your God will make you abound in all the work of your hand, in the fruit of your body, in the increase of your livestock, and in the produce of your land for good” (Deut 30:9).

The principle of justice is explicit in the Mosaic covenant, both the judgment visited on the iniquity of generations and the mercy to those who love Him and keep the commandments (Exod 20:5-6). God reveals Himself as a jealous God, with high expectations, deeply desirous of obedience and worship from His chosen people, and

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<sup>45</sup> Reiner, *Covenants*, 40.

<sup>46</sup> Weston, *Seven Covenants*, 23.

seeking to bless them abundantly at every opportunity. “When God first called Moses to go to Pharaoh, one of the promises which he made to him was that the people would ‘worship God on this mountain.’”<sup>47</sup> Justice is a requirement when the expectations of the law are not met.

Finally, service is given not as a heavy yoke but as a light one, as a means toward an end, as the way in which people will employ their rich new resources and multiply them many-fold. The people of Israel are freed from the heavy yoke of service and bondage in Egypt, so that they may voluntarily give themselves in service for God and others: to produce increase and for good. In the covenants, God’s expectation and promise of service typically has these two kinds of outcomes: quantitative and qualitative, benefiting society at large (“the public good”) as well as the social group itself (“the organization”). This principle applies to the world of governance today, when people are tempted into endless debates about shareholders versus stakeholders; God’s view of service is that the fiduciary role will bear fruit for both, for all. It is not a choice among or between the interests of different groups that should occupy people.

Table 3.5 below compares each Garden Principle with the referent biblical passage (from Exod 19–20 as well as Deut 30) and includes an explanation demonstrating the linkages between the principles and the text.

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<sup>47</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 106.

**Table 3.5: The Mosaic Covenant and The Garden Principles**

<b>Principle</b>	<b>Mosaic Covenant</b>	<b>Demonstration of Governance Principles in the Covenant</b>
<b>Stewardship:</b> Humankind is given stewardship over what is owned by God	Exod 19:5 “for all the earth is Mine”	The people are given stewardship over land that does not belong to them— all the earth belongs to God.
<b>Leadership:</b> Humankind is asked to provide leadership	Exod 19:3 “And Moses went up to God, and the Lord called to him from the mountain, saying, ‘Thus you shall say to the house of Jacob, and tell the children of Israel.’”	Moses is asked to lead His people to freedom—to enable the children of Israel to inhabit the land.
<b>Authority:</b> God gives humankind authority	Deut 30:5 “Then the Lord your God will bring you to the land which your fathers possessed, and you shall possess it.”	They are given the authority to possess the land.
<b>Accountability:</b> God expects accountability from humankind	Exod 19:8 “Then all the people answered together and said, ‘All that the Lord has spoken we will do.’”	The people expect accountability and acknowledge it.
<b>Accomplishment:</b> God has a purpose in mind for humankind— something to be accomplished	Exod 19:5 “You shall be a special treasure to Me above all people; for all the earth is Mine.”  Exod 3:7-10 “And the Lord said: ‘I have surely seen the oppression of My people . . . and have heard their cry . . . I know their sorrows. So I have come down to deliver them out of the hand of the	God’s purpose of saving the whole world, beginning with redeeming His people, would be accomplished.

Principle	Mosaic Covenant	Demonstration of Governance Principles in the Covenant
	Egyptians, and to bring them up from that land to a good and large land, to a land flowing with milk and honey. . . Come now, therefore, and I will send you to Pharaoh that you may bring My people, the children of Israel, out of Egypt.”	
<b>Measurement:</b> Humankind can take stock and measure to see if the purpose is being accomplished	Exod 19:4 “You have seen what I did to the Egyptians, and how I bore you on eagles’ wings and brought you to Myself.”  Deut 30:5 “He will prosper you and multiply you more than your fathers.”	Their freedom and prosperity would be a measure of this accomplishment.
<b>Communication:</b> God communicates what humankind needs to know	Exod 19:3 “The Lord called to him from the mountain, saying . . .”  Exod 20:1 “And God spoke all these words, saying . . .”  Exod 20:22 “Then the Lord said to Moses, ‘Thus you shall say to the children of Israel: “You have seen that I have talked with you from heaven . . .””	Again, God is clear in His communications. He spoke loudly and clearly—frighteningly so. And He gave them a clear set of commandments to follow—ten of them—in writing.
<b>Integrity:</b> Humankind is to respond with complete integrity	Exod 20:5-6 “I, the Lord your God, am a jealous God, visiting the iniquity of the fathers upon the children to the third	Integrity of the people was expected in response to the commandments, and the people

Principle	Mosaic Covenant	Demonstration of Governance Principles in the Covenant
	and fourth generations of those who hate Me, but showing mercy to thousands, to those who love Me and keep My commandments.”	responded with worship and obedience.
<b>Continuous Learning:</b> God continually makes Himself known to humankind	Exod 20:1-3 “And God spoke all these words, saying: ‘I am the Lord your God, who brought you out of the land of Egypt, out of the house of bondage. You shall have no other gods before Me. You shall not . . .’”	God reminds them of who He is, and He reveals more of Himself to them.
<b>Growth:</b> Humankind grows in means, knowledge and fruitfulness	Deut 30:5 “He will prosper you and multiply you more than your fathers.”	Growth is an expectation— growth upon growth.
<b>Justice:</b> God sets the standard for and metes out justice for humankind	Exod 20:5-6 “I, the Lord your God, am a jealous God, visiting the iniquity of the fathers upon the children to the third and fourth generations of those who hate Me, but showing mercy to thousands, to those who love Me and keep My commandments.”	God has high expectations, and justice is a requirement when those expectations are not met: mercy for those who follow the commandments, justice for the iniquitous.
<b>Service:</b> Through the service of humankind God’s justice is accomplished	Deut 30:9 “The Lord your God will make you abound in all the work of your hand, in the fruit of your body, in the increase of your livestock, and in the produce of your land for good.”	God frees them for service, to produce increase and for good.

## The Davidic Covenant

The occasion of the next renewal and refreshing of God's covenant with His people was the establishment of the kingdom—not just the secular kingdom of the House of David after the false and shaky start of Saul's kingship, but the establishment of God's eternal kingdom on earth through David and his descendants, culminating in the kingship of Jesus Christ.

In this case and covenant, God is giving to David the stewardship of "My people, over Israel." Kingship extends beyond geographic territory; its more significant stewardship is over the lives and welfare of people, in this case the people who belong to God, "My people, Israel." The role and calling of a shepherd are most clearly and explicitly used as an allegory or illustration of the principle of stewardship in and throughout the life of David, the shepherd who became king (1 Chron 17:7). As Laniak writes, "Time after time, text after text, the shepherd is called back to serve as a frame of reference for evaluating leadership."<sup>48</sup> Shepherds are given authority and responsibility over a flock that belongs to someone else, not themselves. A shepherd is expected to accomplish positive outcomes, to protect the flock from harm, to increase and grow their number and quality, and to make an account for all of this. A shepherd is expected to act with integrity, to learn continually, and to be a servant, placing the

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<sup>48</sup> Timothy S. Laniak, *Shepherds After My Own Heart* (Downers Grove, IL: InterVarsity Press, 2006), 37.

interests of the flock and the master before any self-interest or self-preservation. Each of these expectations of a shepherd illustrates a fundamental principle of governance.

David is made the ruler over Israel, given leadership by God, and expected to provide that leadership faithfully, just as he had over the sheep in his younger years.

God fully equipped David with the authority to rule, empowered him, and resourced him: God was with him, both behind and before. The principle of authority includes *both* the legitimate positional authority (ἐξουσία) and the practical resources and power (δύναμις). The king holds the scepter and the sword, just as a police officer has a uniform and a gun. Both authority and power are needed to govern effectively and are given by God in the covenants.

With great authority comes great responsibility, of course, and God has clear and high expectations of obedience and accountability. As David is about to hand the mantle to his son Solomon, God warns, “If he commits iniquity, I will chasten him with the rod of men and with the blows of the sons of men” (2 Sam 7:14).

“David was King of Israel by God’s choice and purpose.”<sup>49</sup> As with the earlier covenants, God has a clear purpose to accomplish something, and that is always much greater in scope than may seem immediately apparent or at hand: “Your house and

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<sup>49</sup> Weston, *Seven Covenants*, 32.

your kingdom shall be established forever before you,” is God’s breathtaking and awesome promise to David. “Your throne shall be established forever” (2 Sam 7:16).

The outcomes expected from this purpose ought to be visible and measurable. For example, God will make David “a great name, like the name of the great men who are on the earth” (2 Sam 7:9). This is no ordinary kingdom and no ordinary king, and David and his successors should be able to measure, to benchmark the name of David against the names of other great men, and to take stock of what is being accomplished. The principle of measurement is not intended by God to be a burden or a routine; it is an encouragement and confirmation, a celebration of past accomplishment and a spurring on to greater future achievements. Just as we parents mark the growth of our children against a doorjamb each year, so we and they can look back at the accomplishment and blessings, and look forward to more. God is the God behind and before His people, the God of the valleys and the God of the hills.

God made sure that the messages of His covenant with David are clear and understood. In this covenant, God speaks to David largely through His prophets, with unvarnished, direct, and transparent messages. Carson writes,

We have here the most important passage in the books of Samuel, and one of the key passages in the whole OT. It discusses the future of the Jerusalem sanctuary and of the Davidic monarchy—the two institutions which were vital to the people of Israel for several centuries after David. Through the prophet



Nathan, God made firm promises to David about both of these things. These solemn divine promises amounted to an “everlasting covenant” given to David.<sup>50</sup>

David is expected to respond with complete integrity, and he does. David is a man after God’s own heart, and his psalms of praise and responding prayers of worship to God’s calling and promise are deservedly among the best-known examples of the integrity of a man of God that we encounter in the Bible.

David’s prayer does not ignore the fact that God’s blessing to his family would mean blessing to Israel too. Vs 23-24 recall God’s goodness shown to Israel in the past. The continuation of David’s line would mean God’s continued blessings to the one nation he had chosen and made his very own forever. The grateful words of David in this prayer would bring comfort and reassurance to many Israelites in later troubled times.<sup>51</sup>

Throughout the unfolding of the Davidic covenant, God reminds David of what he knew or should have known already about Him, then talks about what is important to Him, and gives David a vision for the future.<sup>52</sup> God continually makes Himself known to humankind, reflecting the principle of continuous learning.

The principle of growth is demonstrated in the Davidic covenant not just through the promise and expectation of the establishment and growth of his house and all that that entails, but by the eternal aspect of that promise and growth (“your house and your kingdom shall be established forever before you,” 2 Sam 7:16). “Covenants were

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<sup>50</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 325.

<sup>51</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 325.

<sup>52</sup> See, for example, the progression in 2 Samuel 7:8, 9, 10, 12, 13.

typically intended to be in perpetuity, so this feature is not unique to the Davidic Covenant.”<sup>53</sup>

The two-edged sword of justice is aptly illustrated in the Davidic covenant: “if he commits iniquity, I will chasten him with the rod of men and with the blows of the sons of men. But My mercy shall not depart from him, as I took it from Saul, whom I removed from before you” (2 Sam 7:14-15).

David and the Davidic covenant are among the most powerful and clear demonstrations of the principle of integrity as well. Here is the shepherd boy who is the only one in Israel who will stand and challenge the giant warrior champion of the Philistines: David is accustomed to setting aside his own interests to protect his flock from violent threat. Service is at the very heart of being a shepherd,<sup>54</sup> and the heart of a shepherd is why God chose David as king, passing over so many others with more outward signs of merit. Indeed, one of God’s favorite ways of addressing David is “My servant David,” a reminder even late in life when he has become a great king that his calling is one of a servant, and that David’s leadership and rule as King of Israel was

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<sup>53</sup> McKenzie, *Covenant*, 72.

<sup>54</sup> Laniak writes: “The compassionate concerns of the Good Shepherd were cause by His followers. Paul said the ‘care of all the churches’ was his greatest burden. In the pastoral epistles he comments Timothy by saying, ‘I have no one else like him, who takes a genuine interest in your welfare.’ Paul urges his colleagues in ministry to ‘encourage the timid, help the weak, be patient with everyone.’ Work for the Chief Shepherd, Peter insists, requires an eagerness to serve.” Timothy S. Laniak, *While Shepherds Watch Their Flocks: Rediscovering Biblical Leadership* (Matthews, NC: ShepherdLeader Publications, 2007), 31.

really a rule of servanthood to God and His people, and ultimately to all people. David's "God-given greatness was not for his own benefit and glory, but in order to benefit the nation he ruled."<sup>55</sup>

Table 3.6 below compares each Garden Principle with the referent biblical passage (largely from 2 Sam 7 and its parallel passage in 1 Chron 17) and includes an explanation demonstrating the linkages between the principles and the text.

**Table 3.6: The Davidic Covenant and The Garden Principles**

<b>Principle</b>	<b>Davidic Covenant</b>	<b>Demonstration of Governance Principles in the Covenant</b>
<b>Stewardship:</b> Humankind is given Stewardship over what is owned by God	1 Chron 17:7 "'I took you from the sheepfold, from following the sheep, to be ruler over My people, over Israel.'"	Some people have stewardship of other people—people who belong to God. In this case David is given the stewardship of the "My people."
<b>Leadership:</b> Humankind is asked to provide leadership	2 Sam 7:8 "'I took you from the sheepfold, from following the sheep, to be ruler over My people, over Israel.'"	David is made the ruler.
<b>Authority:</b> God gives humankind authority	2 Sam 7:9 "'And I have been with you wherever you have gone, and have cut off all your enemies from before you, and have made you a great name,	God gave David the authority to rule, empowered him, and resourced him (was with him, behind and before).

<sup>55</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 325.

Principle	Davidic Covenant	Demonstration of Governance Principles in the Covenant
	like the name of the great men who are on the earth.”	
<b>Accountability:</b> God expects accountability from humankind	2 Sam 7:14 “If he commits iniquity, I will chasten him with the rod of men and with the blows of the sons of men.”	As the mantle is being given to Solomon, the expectations of obedience and accountability is clear.
<b>Accomplishment:</b> God has a purpose in mind for humankind—something to be accomplished	2 Sam 7:16 “And your house and your kingdom shall be established forever before you. Your throne shall be established forever.”	God’s purpose is to establish a kingly line that will last forever.
<b>Measurement:</b> Humankind can take stock and measure to see if the purpose is being accomplished	2 Sam 7:9 “And I have been with you wherever you have gone, and have cut off all your enemies from before you, and have made you a great name, like the name of the great men who are on the earth.”	David’s name is expected and promised to grow, and his successors should be able to measure and benchmark that name against the names of the great men.
<b>Communication:</b> God communicates what humankind needs to know	2 Sam 7:8 “Thus says the Lord of hosts . . .”  2 Sam 7:11 “Also the Lord tells you that . . .”	God made sure the messages of the covenant are clear, in this case using the voice of prophets to communicate unvarnished truths.
<b>Integrity:</b> Humankind is to respond with complete integrity	2 Sam 7: 14 “If he commits iniquity, I will chasten him with the rod of men and with the blows of the sons of men.”	There are expectations for complete integrity, and there are certain consequences for a lack of integrity.
<b>Continuous Learning:</b> God continually makes	2 Sam 7:8 “I took you from the sheepfold . . .”	God reminds of what David knew or should have known about him; He talks about what is important to

Principle	Davidic Covenant	Demonstration of Governance Principles in the Covenant
Himself known to humankind	<p>2 Sam 7:9 "'I have been with you . . . "'</p> <p>2 Sam 7:10 "'I will appoint a place for my people . . . "'</p> <p>2 Sam 7:12 "'I will set up your seed . . . "'</p> <p>2 Sam 7:13 "'I will establish the throne of his kingdom . . . "'</p>	Him and gives a vision for the future.
<b>Growth:</b> Humankind grows in means, knowledge and fruitfulness	2 Sam 7:16 "'And your house and your kingdom shall be established forever before you.'"	Growth of his house (broadly encompassing family, possessions, influence, the kingdom's land and people), and that growth continues forever.
<b>Justice:</b> God sets the standard for and metes out justice for humankind	2 Sam 7:15 "'But My mercy shall not depart from him, as I took it from Saul, whom I removed from before you.'"	Justice was meted out on Saul, but mercy will follow Solomon.
<b>Service:</b> Through the service of humankind God's justice is accomplished	2 Sam 7:8 "'Now therefore, thus shall you say to My servant David'"	David was God's servant. David's leadership and rule as king of Israel was really a rule of servanthood to God.

### The New Covenant

This brings readers to the new covenant, the covenant mediated by and through Jesus Christ, which is and who is the fulfillment of the promises in the Old Testament

covenants. As Robertson writes, “In the end, all of the promises of the ancient covenants of God with His people find their fulfillment in the new covenant. For Christ is the All in All, the beginning and the end, the Alpha and the Omega, the consummation of God’s covenants.”<sup>56</sup>

Buchanan adds to Robertson’s insight, “In many ways practices and beliefs that were well established in the OT have been continued into NT times. Many of these can be directly or indirectly traced to the belief in the covenant which had extensive ramifications in the administration, social structures, ethics and feelings of Jews and Christians of NT times.”<sup>57</sup>

The new covenant begins with God, God’s dominion by virtue of creation, and the person of Jesus, who is both fully God and fully man. As Weston writes, “The New Covenant is the written embodiment of the manifestation of Christ . . . The manifestation of Christ is in His teaching and His doing and being.”<sup>58</sup> Though “no-one has ever seen God, but God the only Son has made him known,”<sup>59</sup> through Christ He was made visible.<sup>60</sup> And thus, Jesus is given stewardship of the body, the church, and the

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<sup>56</sup> Robertson, *Covenant*, 119.

<sup>57</sup> George Wesley Buchanan, *The Consequences of the Covenant* (Leiden: E. J. Brill, 1970), 211.

<sup>58</sup> Weston, *Seven Covenants*, 56.

<sup>59</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 1266.

<sup>60</sup> “The image of the invisible God indicates that the very nature and character of God have been perfectly revealed in Jesus Christ; in him the invisible has become visible.” Carson, Wenham, Motyer, and France, *New Bible Commentary*, 1266.

mantle of leadership in order to lead in reconciling the world to God—and He led all the way to the cross.

The principles of authority and accountability are powerfully and completely demonstrated in the new covenant. God the Father gives Jesus the authority: all authority is given by the Father. Jesus Himself said, “For I have not spoken on My own authority; but the Father who sent Me gave Me a command, what I should say and what I should speak” (John 12:49).

Jesus takes full responsibility for the authority He has been given. He was accountable for our deliverance, an accountability He exercised by shedding His own blood on our behalf. He did not step away from the task; rather, He paid the price. “In His death Christ has broken through the history of ‘un-redemption’ and created a new beginning for humanity.”<sup>61</sup>

Blood must always be shed in the sealing of a covenant, and Christ’s blood is the ultimate shedding of the blood of an unblemished soul, a human without sin, on behalf of all people and for all time. “A covenant may be defined as a bond in blood sovereignly administered.”<sup>62</sup> Jesus said, “For this is My blood of the new covenant, which is shed for many for the remission of sins” (Matt 26:28). When Jesus explains the meaning of the

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<sup>61</sup> Petrus J. Grabe, *New Covenant New Community: The Significance of Biblical and Patristic Covenant Theology for Contemporary Understanding* (London: Paternoster, 2006), 117.

<sup>62</sup> Robertson, *Covenant*, 11.

bread and the wine, He is communicating to His disciples that this is a covenant meal. This covenant that He makes is a costly covenant, made with His own body and blood, symbolized by the bread and the wine. It is a life-giving covenant that is foundational to all future relationships between God and His people.

This new covenant provides for the ultimate accomplishment: the remission of all sins. The purposes of God in the new covenant are to reconcile all things to Himself—to bring the final reconciliation leading to eternal life—leading back to the life that was lost in the garden in the first covenant. As Paul wrote, “He has delivered us from the power of darkness and conveyed us into the kingdom of the Son of His love, in whom we have redemption through His blood, the forgiveness of sins” (Col 1:13-14).

The principle of measurement is demonstrated in the new covenant, in it, we are given basic measures to take stock of whether God’s purpose is being accomplished: Are all things being reconciled? Are people finding peace with God through Christ? These are measurable.

The entirety of the Bible, the Old and New Testaments, is about God communicating with humankind. While the Mosaic covenant was written on stone tablets, “the new covenant is written into human hearts by the Spirit.”<sup>63</sup> The story of the new covenant begins with a statement that shines light on the means of that

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<sup>63</sup> Grabe, *New Covenant New Community*, 113.



communication: Jesus Christ Himself, the Word who became flesh. A living, breathing, speaking, healing, miracle-working, loving, dying Savior who communicated the message of reconciliation between God and humanity.

Because of Christ believers are reconciled. We are made perfect in Him. We are returned to full and complete integrity, as Paul writes, “that we may present every man perfect in Christ Jesus” (Col 1:28). “The church is a fellowship of new creations—that is, of those who have experienced, through the renewing power of the Holy Spirit, that, ‘if anyone is in Christ,’ there is a new creation.”<sup>64</sup>

The journey of life in Christ and being reconciled through Him into the new covenant is a journey of continuous learning—a journey of growing in the knowledge of God until that day when Christians are redeemed to be with Him forever. As Paul wrote to the Corinthians, “Therefore we do not lose heart. Even though our outward man is perishing, yet the inward man is being renewed day by day” (2 Cor 4:16).

Jesus too expected growth. He shed his blood for many—the growth of the body—that many would be reconciled. As Carson writes, “Believers are to bear fruit in every good work. The gospel has borne fruit by producing godly actions in the Colossians’ lives and Paul now prays that they may be fruitful in everything that they do.”<sup>65</sup>

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<sup>64</sup> Grabe, *New Covenant New Community*, 123.

<sup>65</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 1264.

Increasing in the knowledge of God is an integral and foundational part of growth that is expected of His people. This increase comes through the ongoing, active, personal relationship with God Himself. The closer the relationship a believer has with God, the more it will grow. The deeper the relationship the fuller the understanding. One commentator puts it this way, "Believers are also to grow in the knowledge of God. As they respond to that personal relationship with God which they already have, so the relationship will grow and their understanding of him will deepen."<sup>66</sup>

The principle of justice is demonstrated clearly in the new covenant. "He who rejects Me, and does not receive My words, has that which judges him—the word that I have spoken will judge him in the last day" (John 12:48). Without Christ we are judged, for He stood in our place and accepted the penalty of sin—justice had to be served. But the result is mercy toward us: the new covenant is the spirit of the law, "not of the letter but of the Spirit, for the letter kills, but the spirit gives life" (2 Cor 3:6).

So too is the principle of service demonstrated in the new covenant. Jesus was the epitome of a servant—a servant of love—serving God and humanity to the death, replacing the law with grace and a new commandment to go with the new covenant. "A new commandment I give to you, that you love one another; as I have loved you, that

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<sup>66</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 1264.

you also love one another” (John 13:34). Paul links “servant” (διδάκονος) with the new covenant.<sup>67</sup> And he calls himself a servant.

Table 3.7 below compares each Garden Principle with the referent biblical passage (largely from Col 1, with excerpts from the Gospels) and includes an explanation demonstrating the linkages between the principles and the text. Of Colossians 1, commentators remark: “This language is full of OT echoes and recalls the promise first given to Abram.”<sup>68</sup>

**Table 3.7: The New Covenant and The Garden Principles**

Principle	New Covenant	Demonstration of Governance Principles in the Covenant
<b>Stewardship:</b> Humankind is given stewardship	Col 1:15-18 “He is the image of the invisible God, the firstborn over all creation. For by Him all things were created	Jesus, who is both fully God and fully man, is given stewardship of the body—the church.

<sup>67</sup> Romans 15:8-12: “Now I say that Jesus Christ has become a servant to the circumcision for the truth of God, to confirm the promises made to the fathers, and that the Gentiles might glorify God for His mercy, as it is written:

‘For this reason I will confess to You among the Gentiles,  
And sing to Your name.’

And again he says:

‘Rejoice, O Gentiles, with His people!’

And again:

‘Praise the Lord, all you Gentiles!  
Laud Him, all you peoples!’

And again, Isaiah says:

‘There shall be a root of Jesse;  
And He who shall rise to reign over the Gentiles,  
In Him the Gentiles shall hope.’”

<sup>68</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 1265.

Principle	New Covenant	Demonstration of Governance Principles in the Covenant
over what is owned by God	that are in heaven and that are on earth, visible and invisible, whether thrones or dominions or principalities or powers. All things were created through Him and for Him. And He is before all things, and in Him all things consist. And He is the head of the body, the church, who is the beginning, the firstborn from the dead, that in all things He may have the preeminence."	
<b>Leadership:</b> Humankind is asked to provide leadership	Col 1:19-20 "For it pleased the Father that in Him all the fullness should dwell, and by Him to reconcile all things to Himself, by Him, whether things on earth or things in heaven, having made peace through the blood of His cross."	Jesus is given the mantle of leadership in order to lead in reconciling the world to God. He led all the way to the cross.
<b>Authority:</b> God gives humankind authority	John 12:49 "For I have not spoken on My own authority; but the Father who sent Me gave Me a command, what I should say and what I should speak."	God the Father gives Jesus the authority; all authority is given by the Father.
<b>Accountability:</b> God expects accountability from humankind	Col 1:19-22 "For it pleased the Father that in Him all the fullness should dwell, and by Him to reconcile all things to Himself, by Him, whether things on earth or things in	Jesus takes full responsibility for the authority He has been given. He was accountable for believers' deliverance, an accountability He

Principle	New Covenant	Demonstration of Governance Principles in the Covenant
	heaven, having made peace through the blood of His cross. And you, who once were alienated and enemies in your mind by wicked works, yet now He has reconciled in the body of His flesh through death, to present you holy, and blameless, and above reproach in His sight."	exercised by shedding His own blood on our behalf. He did not step away from the task; rather, He paid the price.
<b>Accomplishment:</b> God has a purpose in mind for humankind—something to be accomplished	Col 1:13-14 "He has delivered us from the power of darkness and conveyed us into the kingdom of the Son of His love, in whom we have redemption through His blood, the forgiveness of sins."  John 6:58 "He who eats this bread will live forever."  Matt 26:28 "For this is My blood of the new covenant, which is shed for many for the remission of sins."	The purposes of God in the new covenant are to reconcile all things to Himself—to bring the final reconciliation leading to eternal life, leading back to the life that was lost in the garden in the first covenant. This new covenant provides for the ultimate accomplishment, the remission of all sins.
<b>Measurement:</b> Humankind can take stock and measure to see if the purpose is being accomplished	Col 1:19-20 "For it pleased the Father that in Him all the fullness should dwell, and by Him to reconcile all things to Himself, by Him, whether things on earth or things in heaven, having made peace through the blood of His cross."	Are all things being reconciled? Are people finding peace with God through Christ? These are measurable and should be measured.

Principle	New Covenant	Demonstration of Governance Principles in the Covenant
<b>Communication:</b> God communicates what humankind needs to know	John 1:1-4 "In the beginning was the Word, and the Word was with God, and the Word was God. He was in the beginning with God. All things were made through Him, and without Him nothing was made that was made. In Him was life, and the life was the light of men."	The entirety of the Bible—the Old and New Testaments—is about God communicating with humankind. And the story of the new covenant begins with a statement that shines light on the means of that communication, Jesus Christ Himself, the Word who became flesh. This living, breathing, speaking, healing, miracle-working, loving, dying Savior communicated the message of reconciliation between God and people.
<b>Integrity:</b> Humankind is to respond with complete integrity	Col 1:28 "Him we preach, warning every man and teaching every man in all wisdom, that we may present every man perfect in Christ Jesus."	Because of Christ we are reconciled. We are made perfect in Him. We are returned to full and complete integrity.
<b>Continuous Learning:</b> God continually makes Himself known to humankind	Col 1:9-10 "For this reason we also, since the day we heard it, do not cease to pray for you, and to ask that you may be filled with the knowledge of His will in all wisdom and spiritual understanding; that you may walk worthy of the Lord, fully pleasing Him, being fruitful in every good work	The journey of life in Christ and being reconciled through Him into the new covenant is a journey of continuous learning, – a journey of growing in the knowledge of God until that day when we are redeemed and are with Him.

Principle	New Covenant	Demonstration of Governance Principles in the Covenant
	and increasing in the knowledge of God.”	
<b>Growth:</b> Humankind grows in means, knowledge, and fruitfulness	Matt 26:28 “For this is My blood of the new covenant, which is shed for many for the remission of sins.”	Jesus too expected growth. He shed his blood for many—the growth of the body—that many would be reconciled.
<b>Justice:</b> God sets the standard for and metes out justice for humankind	Col 1:21-22 “And you, who once were alienated and enemies in your mind by wicked works, yet now He has reconciled in the body of His flesh through death, to present you holy, and blameless, and above reproach in His sight.”  John 12:47-48 “And if anyone hears My words and does not believe, I do not judge him; for I did not come to judge the world but to save the world. He who rejects Me, and does not receive My words, has that which judges him—the word that I have spoken will judge him in the last day.”	Without Christ we are judged. He stood in our place and accepted the penalty of sin, because justice had to be served. The result is mercy toward us.
<b>Service:</b> Through the service of humankind God’s justice is accomplished	John 13:34 “A new commandment I give to you, that you love one another; as I have loved you, that you also love one another.”  Luke 22:20 “Likewise He also took the cup after supper,	Jesus was the epitome of a servant: a servant of love serving God and humanity to the death. He replaced the law with grace and a new commandment to go with the new covenant.

Principle	New Covenant	Demonstration of Governance Principles in the Covenant
	saying, This cup is the new covenant in My blood, which is shed for you.” ”	



**Table 3.8: Recap of Illustrative Scripture Passages of The Garden Principles Expressed in the Successive Covenants**

Principle	Creation (Edenic) Covenant	Noahic Covenant	Abrahamic Covenant	Mosaic Covenant	Davidic Covenant	New Covenant
<b>Stewardship:</b> Humankind is given stewardship over what is owned by God	Gen 1:1 "In the beginning God Created the heavens and the earth"  Gen 2:7 "And the Lord God formed man of the dust of the ground, and breathed into his nostrils the breath of life; and man became a living being."	Gen 9:2 "And the fear of you and the dread of you shall be on every beast of the earth, on every bird of the air, on all that move on the earth, and on all the fish of the sea. They are given into your hand."	Gen 12:1 "Get out of your country, / From your family / And from your father's house, / To a land that I will show you."	Exod 19:5 "for all the earth is Mine."	1 Chron 17:7 "I took you from the sheepfold, from following the sheep, to be ruler over My people, over Israel."	Col 1:15-18 "He is the image of the invisible God, the firstborn over all creation. For by Him all things were created that are in heaven and that are on earth, visible and invisible, whether thrones or dominions or principalities or powers. All things were created through Him

Principle	Creation (Edenic) Covenant	Noahic Covenant	Abrahamic Covenant	Mosaic Covenant	Davidic Covenant	New Covenant
						and for Him. And He is before all things, and in Him all things consist. And He is the head of the body, the church, who is the beginning, the firstborn from the dead, that in all things He may have the preeminence."
<b>Leadership:</b> Humankind is asked to provide leadership	Gen 1:28 "Then God blessed them, and God said to them, 'Be fruitful and multiply; fill the earth and	Gen 9:1-2 "So God blessed Noah and his sons, and said to them: 'Be fruitful and multiply, and fill	Gen 12:2 "'I will make you a great nation; / I will bless you / And make your name great; /	Exod 19:3 "And Moses went up to God, and the Lord called to him from the mountain, saying, 'Thus	2 Sam 7:8 "'I took you from the sheepfold, from following the sheep, to be ruler over	Col 1:19-20 "For it pleased the Father that in Him all the fullness should dwell, and by Him to

Principle	Creation (Edenic) Covenant	Noahic Covenant	Abrahamic Covenant	Mosaic Covenant	Davidic Covenant	New Covenant
	subdue it; have dominion over the fish of the sea, over the birds of the air, and over every living thing that moves on the earth."	the earth. And the fear of you and the dread of you shall be on every beast of the earth, on every bird of the air, on all that move on the earth, and on all the fish of the sea. They are given into your hand."	And you shall be a blessing."	you shall say to the house of Jacob, and tell the children of Israel . . ."	My people, over Israel."	reconcile all things to Himself, by Him, whether things on earth or things in heaven, having made peace through the blood of His cross."
<b>Authority:</b> God gives humankind authority	Gen 2:15 "Then the Lord God took the man and put him in the garden of Eden to tend and keep it."	Gen 9:2 "They are given into your hand."	Gen 13:17 "Arise, walk in the land through its length and its width, for I give it to you."	Deut 30:5 "Then the Lord your God will bring you to the land which your fathers possessed, and you shall possess it."	2 Sam 7:9 "And I have been with you wherever you have gone, and have cut off all your enemies from before you, and have	John 12:49 "For I have not spoken on My own authority; but the Father who sent Me gave Me a command, what I should

Principle	Creation (Edenic) Covenant	Noahic Covenant	Abrahamic Covenant	Mosaic Covenant	Davidic Covenant	New Covenant
			Gen 15:7 "Then He said to him, 'I am the Lord, who brought you out of Ur of the Chaldeans, to give you this land to inherit it.'"		made you a great name, like the name of the great men who are on the earth.'"	say and what I should speak.'"
<b>Accountability:</b> God expects accountability from humankind	Gen 2:16 "Of every tree of the garden you may freely eat; but of the tree of the knowledge of good and evil you shall not eat, for in the day that you eat of it you shall surely die.'"	Gen 9:4-6 "But you shall not eat flesh with its life, that is, its blood. Surely for your lifeblood I will demand a reckoning; from the hand of every beast I will require it, and from the hand of man.	Gen 26:4-5 "'And I will make your descendants multiply as the stars of heaven; I will give to your descendants all these lands; and in your seed all the nations of the earth shall be	Exod 19:8 "Then all the people answered together and said, 'All that the Lord has spoken we will do.'"	2 Sam 7:14 "'If he commits iniquity, I will chasten him with the rod of men and with the blows of the sons of men.'"	Col 1:19-22 "For it pleased the Father that in Him all the fullness should dwell, and by Him to reconcile all things to Himself, by Him, whether things on earth or things in heaven, having

Principle	Creation (Edenic) Covenant	Noahic Covenant	Abrahamic Covenant	Mosaic Covenant	Davidic Covenant	New Covenant
		From the hand of every man's brother I will require the life of man. 'Whoever sheds man's blood, / By man his blood shall be shed; / For in the image of God / He made man."	blessed; because Abraham obeyed My voice and kept My charge, My commandments, My statutes, and My laws."			made peace through the blood of His cross. And you, who once were alienated and enemies in your mind by wicked works, yet now He has reconciled in the body of His flesh through death, to present you holy, and blameless, and above reproach in His sight."
<b>Accomplishment:</b> God has a purpose in mind for humankind—	Gen 1:31 "Then God saw everything that He had made,	Gen 9:11 "Thus I establish My covenant with you: Never	Gen 12:3 "And in you all the families of the	Exod 19:5 "You shall be a special treasure to Me above all	2 Sam 7:16 "And your house and your kingdom shall	Col 1:13-14 "He has delivered us from the power of

Principle	Creation (Edenic) Covenant	Noahic Covenant	Abrahamic Covenant	Mosaic Covenant	Davidic Covenant	New Covenant
something to be accomplished	and indeed it was very good."	again shall all flesh be cut off by the waters of the flood; never again shall there be a flood to destroy the earth."	earth shall be blessed."	people; for all the earth is Mine."  Exod 3:7-10 "And the Lord said: 'I have surely seen the oppression of My people . . . and have heard their cry . . . I know their sorrows. So I have come down to deliver them out of the hand of the Egyptians, and to bring them up from that land to a good and large land,	be established forever before you. Your throne shall be established forever."	darkness and conveyed us into the kingdom of the Son of His love, in whom we have redemption through His blood, the forgiveness of sins."  John 6:58 "“He who eats this bread will live forever.””  Matt 26:28 ““For this is My blood of the new covenant, which is shed

Principle	Creation (Edenic) Covenant	Noahic Covenant	Abrahamic Covenant	Mosaic Covenant	Davidic Covenant	New Covenant
				to a land flowing with milk and honey . . . Come now, therefore, and I will send you to Pharaoh that you may bring My people, the children of Israel, out of Egypt.”		for many for the remission of sins.”
<b>Measurement:</b> Humankind can take stock and measure to see if the purpose is being accomplished	Gen 1:29 “See, I have given you every herb that yields seed which is on the face of all the earth, and every tree whose fruit yields seed; to	Gen 9:7 “And as for you, be fruitful and multiply; / Bring forth abundantly in the earth / And multiply in it.”	Gen 12:2 “I will make you a great nation . . .”	Exod 19:4 “You have seen what I did to the Egyptians, and how I bore you on eagles’ wings and brought you to Myself.”	2 Sam 7:9 “And I have been with you wherever you have gone, and have cut off all your enemies from before you, and have made you a great name, like	Col 1:19-20 “For it pleased the Father that in Him all the fullness should dwell, and by Him to reconcile all things to Himself, by Him, whether

Principle	Creation (Edenic) Covenant	Noahic Covenant	Abrahamic Covenant	Mosaic Covenant	Davidic Covenant	New Covenant
	you it shall be for food.”			Deut 30:5 “He will prosper you and multiply you more than your fathers.”	the name of the great men who are on the earth.”	things on earth or things in heaven, having made peace through the blood of His cross.”
<b>Communication:</b> God communicates what mankind needs to know	Gen 1:28 “Then God said . . . ” “and God said to them . . . ”  The Lord God commanded man . . . ”	Gen 9:1 “So God blessed Noah and his sons, and said to them . . . ”  Gen 9:8 “Then God spoke to Noah and his sons . . . ”  Gen 9:12 “And God said, ‘This is the sign . . . ’”	Gen 12:1 “Now the Lord had said to Abram . . . ” Gen 12:1 “‘I will show you . . . ’” Gen 13:14 “‘Lift your eyes now and look . . . ’”	Exod 19:3 “The Lord called to him from the mountain, saying . . . ”  Exod 20:1 “And God spoke all these words, saying . . . ”  Exod 20:22 “Then the Lord said to Moses, ‘Thus you shall say to the	2 Sam 7:8 “Thus says the Lord of hosts . . . ”  2 Sam 7:11 “‘Also the Lord tells you . . . ’”	John 1:1-4 “In the beginning was the Word, and the Word was with God, and the Word was God. He was in the beginning with God. All things were made through Him, and without Him nothing was made that was made. In



Principle	Creation (Edenic) Covenant	Noahic Covenant	Abrahamic Covenant	Mosaic Covenant	Davidic Covenant	New Covenant
				children of Israel: "You have seen that I have talked with you from heaven."""		Him was life, and the life was the light of men."
<b>Integrity:</b> Humankind is to respond with complete integrity	Gen 2:25 "And they were both naked, the man and his wife, and were not ashamed."  Gen 3:7 "Then the eyes of both of them were opened, and they knew that they were naked; and they sewed fig leaves together and made	Gen 9:7 "And as for you, be fruitful and multiply; / Bring forth abundantly in the earth / And multiply in it."	Gen 15:5-6 "Look now toward heaven, and count the stars if you are able to number them.' And He said to him, 'So shall your descendants be.' And he believed in the Lord, and He accounted it to him for righteousness."	Exod 20:5-6 "I, the Lord your God, am a jealous God, visiting the iniquity of the fathers upon the children to the third and fourth generations of those who hate Me, but showing mercy to thousands, to those who love Me and	2 Sam 7: 14 "If he commits iniquity, I will chasten him with the rod of men and with the blows of the sons of men.""	Col 1:28 "Him we preach, warning every man and teaching every man in all wisdom, that we may present every man perfect in Christ Jesus."

Principle	Creation (Edenic) Covenant	Noahic Covenant	Abrahamic Covenant	Mosaic Covenant	Davidic Covenant	New Covenant
	themselves coverings."			keep My commandments."		
<b>Continuous Learning:</b> God continually makes Himself known to humankind	Gen 3:22 "Behold, the man has become like one of Us, to know good and evil."	Gen 9:9 "And as for Me, behold . . ."	Gen 15:1 "After these things the word of the Lord came to Abram in a vision, saying, 'Do not be afraid, Abram. I am your shield, your exceedingly great reward.'"	Exod 20:1-3 "And God spoke all these words, saying: 'I am the Lord your God, who brought you out of the land of Egypt, out of the house of bondage. You shall have no other gods before Me. You shall not . . .'"	2 Sam 7:8 "I took you from the sheepfold . . ."  2 Sam 7:9 "I have been with you . . ."  2 Sam 7:10 "I will appoint a place for my people . . ."  2 Sam 7:12 "I will set up your seed . . ."  2 Sam 7:13 "I will establish	Col 1:9-10 "For this reason we also, since the day we heard it, do not cease to pray for you, and to ask that you may be filled with the knowledge of His will in all wisdom and spiritual understanding; that you may walk worthy of the Lord, fully pleasing Him, being fruitful in every good

Principle	Creation (Edenic) Covenant	Noahic Covenant	Abrahamic Covenant	Mosaic Covenant	Davidic Covenant	New Covenant
					the throne of his kingdom . . .”	work and increasing in the knowledge of God.”
<b>Growth:</b> Humankind grows in means, knowledge, and fruitfulness	Gen 1:22, 28 “Be fruitful and multiply”	Gen 9:7 “Be fruitful and multiply”	Gen 13:16 “And I will make your descendants as the dust of the earth; so that if a man could number the dust of the earth, then your descendants also could be numbered.”	Deut 30:5 “He will prosper you and multiply you more than your fathers.”	2 Sam 7:16 “And your house and your kingdom shall be established forever before you.”	Matt 26:28 “For this is My blood of the new covenant, which is shed for many for the remission of sins.”
<b>Justice:</b> God sets the standard for and metes out justice for humankind	Gen 2:17 “But of the tree of the knowledge of good and evil you shall not	Gen 9:5 “From the hand of every man's brother I will	Gen 12:3 “I will bless those who bless you, / And I will curse him	Exod 20:5-6 “I, the Lord your God, am a jealous God, visiting the	2 Sam 7:15 “But My mercy shall not depart from him, as I took it from	Col 1:21-22 “And you, who once were alienated and enemies in

Principle	Creation (Edenic) Covenant	Noahic Covenant	Abrahamic Covenant	Mosaic Covenant	Davidic Covenant	New Covenant
	<p>eat, for in the day that you eat of it you shall surely die."</p> <p>Gen 3:19 "In the sweat of your face you shall eat bread / Till you return to the ground, For out of it you were taken; / For dust you are, / And to dust you shall return."</p>	require the life of man."	who curses you ..."	<p>iniquity of the fathers upon the children to the third and fourth generations of those who hate Me, but showing mercy to thousands, to those who love Me and keep My commandments."</p>	<p>Saul, whom I removed from before you."</p>	<p>your mind by wicked works, yet now He has reconciled in the body of His flesh through death, to present you holy, and blameless, and above reproach in His sight."</p> <p>John 12:47-48          "And if anyone hears My words and does not believe, I do not judge him; for I did not come to judge the world but to save the</p>

Principle	Creation (Edenic) Covenant	Noahic Covenant	Abrahamic Covenant	Mosaic Covenant	Davidic Covenant	New Covenant
<b>Service:</b> Through the service of humankind God's justice is accomplished	Gen 2:15 "The Lord God took the man and put him in the garden of Eden to tend and keep it."	Gen 9:3 "I have given you all things, even as the green herbs."	Gen 12:2 "You shall be a blessing . . ."  Gen 12:3 "And 'in you all the families of the earth shall be blessed.'"	Deut 30:9 "The Lord your God will make you abound in all the work of your hand, in the fruit of your body, in the increase of your livestock, and in the produce of	2 Sam 7:8 "Now therefore, thus shall you say to My servant David . . ."	John 13:34 "A new commandment I give to you, that you love one another; as I have loved you, that you love one another."
						world. He who rejects Me, and does not receive My words, has that which judges him—the word that I have spoken will judge him in the last day."

Principle	Creation (Edenic) Covenant	Noahic Covenant	Abrahamic Covenant	Mosaic Covenant	Davidic Covenant	New Covenant
				your land for good.”		Luke 22:20 “Likewise He also took the cup after supper, saying, ‘This cup is the new covenant in My blood, which is shed for you.’”

## Observations from the Covenants

Here are some general observations of themes that are found throughout the covenants, as well as the vignettes that follow. While not principles in and of themselves, they are aspects of The Garden Principles that flow out of and through God's relationship with His people across the epochs of time.

The first observation is that humankind is made in the image of God: "When God creates in His image and likeness, the resulting humans are perfectly formed as potential partners for fellowship with God."<sup>1</sup> Humans are like Him. His principles are our principles. His ways should be our ways. He is our example. We should follow His lead. "The image makes man God's representative on earth."<sup>2</sup> And, being in His image provides humankind with the capacity to relate to and be in relationship with Him. As Wenham writes, "The image is a capacity to relate to God. Man's divine image means that God can enter into personal relationships with Him, speak to Him, and make covenants with Him."<sup>3</sup>

Second, God is in everything. God is in all human endeavor. His principles form a blueprint for human endeavor, and He will bless those endeavors that are pleasing to Him. Sarna writes, "The man is not indigenous to the garden. He is fashioned elsewhere and finds himself in it solely by the grace of God."<sup>4</sup> Whether the tending of a garden, the building of an ark, a wall, a physical temple, or a spiritual temple, He and His purposes

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<sup>1</sup> Reno, *Genesis*, 27.

<sup>2</sup> Wenham, *Genesis 1-15*, 30.

<sup>3</sup> Wenham, *Genesis 1-15*, 31.

<sup>4</sup> Nahum M. Sarna, *Genesis*, The JPS Torah Commentary (Philadelphia: The Jewish Publication Society, 1989), 20.

are in it all. And it is because He is in everything His people, like Paul, can confidently say, “I can do all things through Christ who strengthens me” (Phil 4:13).

Third, God chooses people generally and specifically. Not only did God choose a specific people through which all nations would be redeemed, but also He chose specific individuals for specific tasks or purposes. He made His choices primarily because of those individuals’ heart for Him. His eye and hand were on them, building into them what they would need in order to accomplish His purposes. He placed them geographically, politically, and conveniently into positions He needed them to be in. He ensured they were given the blessings, skills, and experiences necessary for them to accomplish those purposes. And, in turn, following that example, those leaders chose skilled people to complete their tasks. For example, Moses chose “from all the people able men, such as fear God, men of truth, hating covetousness; and place[d] such over them to be rulers of thousands, rulers of hundreds, rulers of fifties, and rulers of tens” (Exod 18:21). Second Chronicles 2 recounts how Solomon chose “skilled” individuals.

And Paul sets out standards for church leaders:

A bishop then must be blameless, the husband of one wife, temperate, sober-minded, of good behavior, hospitable, able to teach; not given to wine, not violent, not greedy for money, but gentle, not quarrelsome, not covetous; one who rules his own house well, having his children in submission with all reverence (for if a man does not know how to rule his own house, how will he take care of the church of God?); not a novice, lest being puffed up with pride he fall into the same condemnation as the devil. (1 Tim 3:2-6)

Fourth, obedience to God, to His word and purposes, is a fundamental expectation of the chosen one(s). Without obedience, capacity, skills, and experience



mean little. As Wenham writes, "Human greatness is to be found neither in heroic feats nor in an exalted social station but in faithfully obeying God's word."<sup>5</sup>

Fifth, repentance is the antidote for a lack of obedience, bringing forgiveness and restoration. A restorative, covenant relationship with God, a relationship leading to life, includes repentance. Repentance requires a change in action. To repent is to turn, to change one's mind. It is not passive but active. As Ezekiel declared:

Says the Lord God [,] "Repent, and turn from all your transgressions, so that iniquity will not be your ruin. Cast away from you all the transgressions which you have committed, and get yourselves a new heart and a new spirit. For why should you die, O house of Israel? For I have no pleasure in the death of one who dies," says the Lord God. "Therefore turn and live!" (Ezek 18:30-32)

And, on the coming of the new covenant, John the Baptist declared, "Repent, for the kingdom of heaven is at hand!" (Matt 3:2).

Sixth, all increase is a blessing from God. "God's blessing is most obviously visible in the gift of children, as this is often coupled with 'being fruitful and multiplying.'"<sup>6</sup> However, the blessings of God in terms of being fruitful and multiplying are not limited to children, but extrapolates outward into every area of life, such as the food, possessions, families, nations, businesses, etc. These can be viewed as divine benevolence given through the tangible expression of material blessings. And, the blessing of the presence of God Himself is the most significant of all blessings. As Wenham writes, "All aspects of life can express this blessing: crops, family, and nation.

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<sup>5</sup> Wenham, *Genesis 1-15*, 166.

<sup>6</sup> Wenham, *Genesis 1-15*, 24.

What modern secular man calls 'luck' or 'success,' the OT calls 'blessing,' for it insists that God alone is the source of all good fortune."<sup>7</sup>

Seventh and finally is love. Every covenant was made because God loves His people, people made in His very image. The appropriate human response and purpose is therefore being the extension of that love. From the birthing of humankind in the garden, to the new commandment to love,<sup>8</sup> the central purpose of God and humanity is to love. Carson comments on the high priestly prayer, "That the *love you have for me may be in them* means that they may reflect the Father's love by their love for Jesus and for others."<sup>9</sup> And so Jesus prayed:

"I do not pray for these alone, but also for those who will believe in Me through their word; that they all may be one, as You, Father, are in Me, and I in You; that they also may be one in Us, that the world may believe that You sent Me. And the glory which You gave Me I have given them, that they may be one just as We are one: I in them, and You in Me; that they may be made perfect in one, and that the world may know that You have sent Me, and have loved them as You have loved Me. Father, I desire that they also whom You gave Me may be with Me where I am, that they may behold My glory which You have given Me; for You loved Me before the foundation of the world. O righteous Father! The world has not known You, but I have known You; and these have known that You sent Me. And I have declared to them Your name, and will declare it, that the love with which You loved Me may be in them, and I in them." (John 17:20-26)

### **What the Bible Says About the Role of Governance and Culture in Organizations**

In this second section of the biblical theological review, seven vignettes are used to illustrate and understand how God uses governance (people applying principles to

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<sup>7</sup> Wenham, *Genesis 1-15*, 275.

<sup>8</sup> John 13:34-35: "A new commandment I give to you, that you love one another; as I have loved you, that you also love one another. By this all will know that you are My disciples, if you have love for one another."

<sup>9</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 1059.

processes and structure) to address social situations which have become dysfunctional or ineffective, to transform these into functional or effective social groups to solve problems (which is the essence of organizational culture).<sup>10</sup>

These vignettes are not stories about simple structural solutions; they are stories about the application of deeper principles by human action, principles that drive the acceptance of structural or process tools, tools which in turn can change deeply held cultural norms. These vignettes are brief stories intended to be used for illustrative purposes, not comprehensive exegetical works. These particular vignettes were chosen because they are examples of instances where significant culture tension and change was at play and because of the way in which principles were applied by human action in an integrated way.

Perhaps just as importantly, the range of time covered by the vignettes—and indeed the Covenants as well—illustrates vividly that the principles are timeless in terms of their efficacy.

Here is an illustration of how The Garden Principles have been evident across time, encompassing the entire span of time in the biblical narrative:

***The Covenants***

Creation Covenant	Before 5000 BC
Noahic Covenant	Before 3000 BC

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<sup>10</sup> The meaning of culture implied here is discussed in detail in the literature review. In that chapter it is determined that there are three core aspects to culture: right and wrong: what forms people's sense of what is right and wrong (correct ways of thinking, feeling, believing, acting); shared experience: those things that are right and wrong can be shared and learned and must be taught to newcomers for their use; and problem solving: there is general group consensus that those right and wrong thoughts, feelings, beliefs, and actions will solve the problems of the organization and lead it into future success inside and outside the organization. The definition of culture in this thesis is therefore "a series of largely unwritten and at times unspoken norms within a group of any size that are used, shared, learned, and taught as the collective progresses and solves problems."

Abrahamic Covenant	Circa 1950 BC
Mosaic Covenant	Circa 1530 BC
Davidic Covenant	Circa 1040 BC
New Covenant	Circa 30 AD

### ***The Vignettes***

Moses & Jethro	Circa 1530 BC
Solomon	Circa 970 BC
Josiah	Circa 640 BC
Daniel	Circa 600 BC
Nehemiah	Circa 440 BC
Paul	Circa 490 AD
Jesus	Circa 30 AD

While structure is an important and necessary aspect of cultural transformation, it is the principles behind the choice of structure that provide the foundational and desired cultural norms. Governance and structure are not equal. Governance is a combination of structure (a system of direction and control), which is built on principles—some very specific principles that we first learn about in the garden—these garden principles are lived out and enabled by our behavior and in our cultures. And together these principles, when applied using structural solutions, can change our behavior and our cultures.

The thesis statement is put to the test: To what extent do the Bible and theology demonstrate that governance is used as a tool to transform social problem solving, and what are governance's underlying principles and features?

In each of these vignettes, consideration is given to

1. The nature of the problem facing the social group (initial culture);
2. The application of deep foundational principles by human action through processes (governance) to address the problem;
3. The transformed situation (changed culture);

4. A summary of the role of The Garden Principles in each story as they relate to transformation, culture, and governance.

#### Vignette One: Moses Seeks Advice from Jethro (Exodus 18)

“Moreover you shall select from all the people able men, such as fear God, men of truth, hating covetousness; and place such over them to be rulers of thousands, rulers of hundreds, rulers of fifties, and rulers of tens. And let them judge the people at all times. Then it will be that every great matter they shall bring to you, but every small matter they themselves shall judge. So it will be easier for you, for they will bear the burden with you.”  
—Exodus 18:21-22

Through the person of Jethro, and the structure of a hierarchical delegation of authority, the Bible gives us one of the most basic and lasting illustrations of using governance as a tool to transform organizational culture in this first vignette.

Moses’ father-in-law, Jethro, along with Zipporah, Moses’ wife, and their two sons, are paying a visit to Moses in the wilderness. Jethro and Moses go into the tent and catch up on what has been taking place.

Moses tells Jethro all about what God did to Pharaoh and the Egyptians for Israel’s sake, about the challenges they have faced along the journey, and about God’s deliverance. Together with Aaron and the elders they make an offering and sacrifice to God and enjoy a meal.

The next day Jethro takes notice of Moses as he sits alone from morning to night with people who want to inquire about God, His commands, statutes, and other spiritual matters; to settle disputes between one another; and when they were having any sort of difficulty.

It was obvious to Jethro that this was not a good solution. Moses would soon be completely worn out. So, Jethro proposes a transformative solution:

- Begin by taking the difficulties before God: “Stand before God for the people, so that you may bring the difficulties to God” (Exod 18:19).
- Teach them all what the laws are.
- Show them how they should conduct themselves.
- Show them what work they should be doing.
- Share the burden with others.
- Create a structure for oversight and give them accountability for making judgments for a specific group of people.
- Triage the issues so that matters of more significance are brought to Moses, and those of lesser significance can be dealt with farther down the line.

Specifically, Jethro advises Moses to

“select from all the people able men, such as fear God, men of truth, hating covetousness; and place such over them to be rulers of thousands, rulers of hundreds, rulers of fifties, and rulers of tens. And let them judge the people at all times. Then it will be that every great matter they shall bring to you, but every small matter they themselves shall judge. So it will be easier for you, for they will bear the burden with you.” (Exod 18:20-22)

Jethro realized that organization, delegation, and systematic thinking were needed to solve a practical problem. “Jethro’s advice to Moses, on the need to delegate authority, led to the establishment of a hierarchical structure for the resolution of conflicts.”<sup>11</sup> The planned result was that Moses would not be overburdened, and all of the people would be helped and able to go to their place in peace.

This simple structural change allowed more people to take responsibility and accountability (based on the authority given to them by Moses), and it created a shift in culture from one that was iconic in nature (led by a sole individual) to one that was more structured and dispersed (led by a number of capable individuals organized in a

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<sup>11</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 106.

hierarchical structure) with the senior leader spending more time training and equipping people to solve their own problems and less time solving other people's problems for them.

Culturally the people had been following and interacting with a singular leader, looking to him to solve their problem. After all, he was the one who had solved their biggest problem: they were slaves in Egypt and because of his leadership they were no longer. They had replaced their previous leaders (the Egyptian slave masters) with a new leader (or founder) and had created a "personality" culture—one that looks to the leader for all of the answers, just as their culture in Egypt had done, but they were quickly wearing down their one leader who was trying to take the place of hundreds in Egypt. With the institution of a governing structure and delegation processes, the culture was quickly changed to one that was more proficient.

In summary, Jethro's solutions applied each of the principles previously articulated and explored in each of the covenants:

- **Stewardship and Leadership:** Moses was explicitly given stewardship of God's people and was asked to lead them through the wilderness. God did not leave Moses alone in his leadership of the people under his care. He sent him Jethro who taught Moses the deeper meaning of leadership – that leading others is not a solitary task. Rather, it involves guiding, teaching and developing others in their leadership roles.
- **Authority and Accountability:** Using the authority given to him by God, and the leadership lessons taught to him by Jethro, Moses delegated much of the authority to capable leaders, instituting a mechanism for accountability (i.e., matters of significance were to come to Moses). Moses was now counting on others and expecting them to report against the authority they had been given.
- **Accomplishment and Measurement:** Two key goals to be accomplished were that Moses "would be able to endure" and the "people would be able to go to their place in peace." Moses would now have the time, energy and space be able to continue and the people's welfare would be taken care of—they

would be whole. These were accomplished. The measure of which was that the new leadership system worked. Moses was able to spend more time alone engaging with God, taking the people and their issues before Him and teaching them what they needed to know (the commandments). Moses worked together with God enabling Him to accomplish His purposes for His people. The results were markedly different and measurable.

**Communication and Integrity:** The structure created clearer pathways for communication. It was easier and more timely for the people to get answers to their problems and for matters to be judged; a chain of command was put in place for a coordinated and comprehensive approach to communications that would ensure everyone was connected; and more time was spent by Moses communicating with God. The people were engaged more with each other and with God. The result was enhanced capacity for integrity—for wholeness. People were able to “go in שלום.” Moses heard from God on the boundaries for the people (commandments; the measures for integrity in character and behavior), and the people knew what was expected of them.

- **Continuous Learning and Growth:** In this vignette, the principle of continuous learning was the driving principle and the principle of growth the desired outcome. The driving principle in that a renewed approach to life in the wilderness was to teach others to lead, make judgements and bear the burdens of others. Not only did they learn a new way of approaching a problem, they embedded the principle of continuous learning into their culture as a normative practice. Ultimately, learning was enhanced, judgments were made, and people went home in peace. God’s messages were made clearer, people learned more of who He was, and they grew in their knowledge of Him.
- **Justice and Service:** One of the core purposes of the change in practice was to ensure that justice was served. And, justice was served as more people were able to bring issues forward for judgment and disposition. Not only that, but more people were brought into service of and for God’s chosen people. One aspect of the principle of service is that people need to be called to service, and people need to be willing to be served.

The initial culture solved problems by taking their burdens to and speaking directly with the leader. The resulting culture solved problems by using an organized structure and process that empowered others to help in the process.



## Vignette Two: Solomon Leads a Nation (2 Chronicles 1–8)

“Happy are your men and happy are these your servants, who stand continually before you and hear your wisdom! Blessed be the Lord your God, who delighted in you, setting you on His throne to be king for the Lord your God! Because your God has loved Israel, to establish them forever, therefore He made you king over them, to do justice and righteousness.”

—2 Chronicles 9:7-8

This second vignette provides us with an example of the marriage of people and structure in the service of God. This combination of God’s blessing and the service of people using orderly structured process to accomplish His purposes is illustrative of a biblical theology of governance.

The task of building the temple was left to Solomon following the death of King David. Second Chronicles begins with Solomon being strengthened in his kingdom and God “exalt[ing] him exceedingly.”

God gives Solomon stewardship over the children of Israel, and Solomon steps up to provide the requisite leadership in response. It is interesting to note that he is using the similar organizational structure that Moses used on the recommendation of Jethro. The practice had remained culturally relevant for solving problems. “And Solomon spoke to all Israel, to the captains of thousands and of hundreds, to the judges, and to every leader in all Israel, the heads of the fathers’ houses” (2 Chron 1:2).

The covenant God had made with David (and those who came before him) was to multiply His people. So, Solomon knew the number of people in his care would be vast. He acknowledges this: “O Lord God, let Your promise to David my father be established, for You have made me king over a people like the dust of the earth in

multitude” (2 Chron 1:9). And at the beginning of his reign the Bible says that “God appeared to Solomon, and said to him, ‘Ask! What shall I give you?’” (2 Chron 1:8). Solomon’s singular request was for “wisdom and knowledge, that I may go out and come in before this people; for who can judge this great people of Yours?” (2 Chron 1:10). He knew he would need wisdom for the task above all else.

And so, God gives Solomon the authority to be king of Israel. He gives him all he will need to succeed: wisdom and knowledge that he might rightly judge the people and riches and influence beyond that of any other king.

Solomon accepts the accountability of the call and sets out to build the temple. He gathers capable people to fulfil the tasks—laborers, carpenters, artisans, all manner of craftsmen, leaders, and overseers.

God’s purpose in building the temple was accomplished through this work:

“‘Nevertheless you shall not build the temple, but your son who will come from your body, he shall build the temple for My name.’ So the Lord has fulfilled His word which He spoke, and I have filled the position of my father David, and sit on the throne of Israel, as the Lord promised; and I have built the temple for the name of the Lord God of Israel. And there I have put the ark, in which is the covenant of the Lord which He made with the children of Israel.’” (2 Chron 6:9-11)

The temple was built to exact measurement. It was a sight to behold. The story of the building of the temple is one of the best examples in the Bible of the principle of measurement and how important measuring is to God.

Like the culture created by Moses in the wilderness, the culture of the reign of Solomon was one of high integrity. It included a strong central leader who empowered other leaders and teams of people to do the work within a proficient and orderly

system. "They did not depart from the command of the king to the priests and Levites concerning any matter or concerning the treasuries. Now all the work of Solomon was well-ordered from the day of the foundation of the house of the Lord until it was finished. So the house of the Lord was completed" (2 Chron 8:15-16).

The early years of Solomon's reign are marked by high points of dramatic communication with God. From the appearance of God in the beginning to the dramatic response of God to Solomon's prayer of dedication of the temple ("Fire came down from heaven and consumed the burnt offering and the sacrifices; and the glory of the Lord filled the temple" such that the children of Israel "bowed their faces to the ground on the pavement, and worshiped and praised the Lord") to the renewed promise of God to His people for their redemption and reconciliation with God, the communications lines were open and clear (2 Chron 7:1, 3).

Thus Solomon finished the house of the Lord and the king's house; and Solomon successfully accomplished all that came into his heart to make in the house of the Lord and in his own house. Then the Lord appeared to Solomon by night, and said to him: "I have heard your prayer, and have chosen this place for Myself as a house of sacrifice. When I shut up heaven and there is no rain, or command the locusts to devour the land, or send pestilence among My people, if My people who are called by My name will humble themselves, and pray and seek My face, and turn from their wicked ways, then I will hear from heaven, and will forgive their sin and heal their land." (2 Chron 7:11-14)

The call to lives of integrity is integral to the promise.

And so, Solomon grew in wisdom and the knowledge of God, as was His promise, and his kingdom grew and flourished. Neither David nor Solomon "stands as an individual, but that both are seen in solidarity with the people of Israel, who are blessed

through them.”<sup>12</sup> As Carson observes, “Solomon’s power was being used for the benefit of the nation.”<sup>13</sup>

The people were treated justly and were well served. The comments of the Queen of Sheba are testament to how Solomon’s leadership was viewed far and wide:

“Happy are your men and happy are these your servants, who stand continually before you and hear your wisdom! Blessed be the Lord your God, who delighted in you, setting you on His throne to be king for the Lord your God! Because your God has loved Israel, to establish them forever, therefore He made you king over them, to do justice and righteousness.” (2 Chron 9:7-8)

Of 2 Chronicles 7:11-22 it is written, “These closing verses are a summary also of the fundamental rule of cause and effect which is so much a part of the Chronicler’s teaching: if you obey, you will prosper; if you disobey, you will suffer; if you repent, you will be forgiven.”<sup>14</sup>

In summary, this vignette illustrates the application of the principles previously articulated and explored in each of the covenants:

- Stewardship and Leadership: God gives Solomon stewardship over the children of Israel. The principle of stewardship remains as foundational. These were God’s people, people He gave Solomon stewardship of. Solomon steps up to provide the requisite leadership in response.
- Authority and Accountability: God gives Solomon authority as King of Israel, as well as everything he will need to succeed: unprecedented wisdom, knowledge, riches and influence. When God gives authority to one, He provides the resources. Solomon took that mantle of authority and empowered others for the task, resourcing their every effort. Solomon accepted the accountability of the call and sets out to build the temple. Mirroring the principle of accountability that was between God and himself, Solomon too set out an expectation of accountability for those to whom he had given delegated authority.

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<sup>12</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 404.

<sup>13</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 404.

<sup>14</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 404.

- **Accomplishment and Measurement:** This was God's building project. It was in His mind to build. He had purposes to accomplish through it. God's purposes in building the temple was accomplished through this work; the temple was built to exact measurements in every way. Beyond the importance of simple measurement of the structure of the building was the measurement of what happened in the hearts of the people as a result of the accomplishment. Their worship was measurably deeper. Their sacrifice measurably evident. Their kingdom measurably mightier.
- **Communication and Integrity:** Communication from God to Solomon and the people was dramatic, engaging, open and clear. Fire came down from heaven and consumed their offerings and sacrifices, filling the temple with God's glory! It was communication with a purpose—Solomon and the people of Israel are called to lives of integrity. The culture of Solomon's reign was one of high integrity, the workers did not depart from his instructions concerning any matter, and all the work was well-ordered from the day of the foundation of the house until it was finished.
- **Continuous Learning and Growth:** The principle of continuous learning was deeply embedded in Solomon. He could have asked for anything from God. In fact, God said to Solomon, "Ask. What shall I give you." (2 Chron 1:7). Solomon asked for wisdom and knowledge—in other words, his desire was to continually learn and to grow in his ability to apply that knowledge. And so, Solomon grew in wisdom and the knowledge of God, as was his prayer and God's promise, and as the temple grew, so too did Solomon's kingdom grow and flourish.
- **Justice and Service:** As king, Solomon's role was to judge the people in his care—to dispense justice. This was a core principle behind his Kingship and behind the purposes of the temple building itself. The people were treated justly and were well served; as Solomon leads by example, the people willingly place themselves in service of the king, the building of the temple, and ultimately to the glory of God.

A new era is ushered in and under the reign of King Solomon, the children of Israel are blessed by God and thrive like no other nation on earth before.

#### Vignette Three: Josiah Brings Transformation (2 Chronicles 33–34)

Together they broke down the altars of Baal, they completely destroyed all of the wooden, carved and molded images that were being worshiped, and "burned the bones of the priests on their altars, and cleansed Judah and Jerusalem."

This third vignette occurs at a very dark place in the history of Israel. Josiah, who begins his reign at the age of eight, follows the reigns of Manasseh and his son Amon.

Both of these predecessors “did evil in the sight of the Lord.” These practices were:

- Shedding much innocent blood;
- Worshipping Baal, carved images, and other gods;
- Practicing the occult: soothsaying, witchcraft, sorcery, mediums, spiritists;
- Placing idols in the temple (‘the house of the Lord).

The Bible says that “Manasseh seduced Judah and the inhabitants of Jerusalem to do more evil than the nations whom the Lord had destroyed before the children of Israel” (2 Chron 33:9).

The Lord brings the army of Assyria against him causing Manasseh to humble himself before God.

Manasseh made some changes: he took away foreign gods and idols from the house of the Lord and in Jerusalem, casting them out of the city. And he repaired the altar of the Lord. But he was not successful at changing the cultural norms and behavior of the people. He had a change of heart and took some action, but he only took away the carved images. He did not destroy them.

Manasseh failed to change the culture his previous leadership had instilled in the people, including his son Amon, his successor.

Amon was worse than his father. He brought the carved images back and sacrificed to them, and he did not humble himself before God. Of him it is said that he “trespassed more and more” (2 Chron 33:23). Amon’s own servants conspired against

him and killed him. The people then executed those who had conspired against and killed Amon.

It is with this cultural backdrop that Josiah, Amon's eight-year-old son, was made king. Carson writes, "After two appalling reigns we again meet a king who measures up to the standard set by David."<sup>15</sup>

Josiah was different from his father. He "did what was right in the sight of the Lord" (2 Chron 34:2). Josiah was not half-hearted in ridding his kingdom of idol worship. And he did not do it alone; he engaged others in the journey. Together they broke down the altars of Baal. They destroyed all of the wooden, carved, and molded images that were being worshiped, and they "burned the bones of the priests on their altars, and cleansed Judah and Jerusalem" (2 Chron 34:5).

It was during this work that one of the priests "found the Book of the Law in the house of the Lord" (2 Chron 34:15). When the Book was brought to and read to Josiah his response was one of grief and deep repentance (as evidenced by the tearing of his clothes).

Further, Josiah, now realizing the severity of the judgment that was to come as a result of their disobedience, authorized appointees to seek out Huldah the prophetess in order to hear from God.

The response is devastating:

"Thus says the Lord, 'Behold, I will bring calamity on this place and on its inhabitants, all the curses that are written in the book which they have read before the king of Judah, because they have forsaken Me and burned incense to other gods, that they might provoke Me to anger with all the works of their

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<sup>15</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 382.

hands. Therefore My wrath will be poured out on this place, and not be quenched.” (2 Chron 34:24-225)

God further says that Josiah will be spared from seeing this calamity in his lifetime, although judgment would still come upon the people. “The momentum of sin and judgment unleashed by Manasseh was unstoppable. The fate of Israel now approached for Judah also.”<sup>16</sup>

In spite of this Josiah continues in his journey to restore things to their rightful order. He begins by restoring worship. He goes to the temple, along with all of the inhabitants of Jerusalem, and reads the book of the covenant to them. And before all of the people he makes a covenant before the Lord to follow Him and His commandments. He calls all of the people to the same covenant.

Josiah dies in battle, and he is mourned by all of Judah and Jerusalem.

Where Manasseh had made some changes but had not taken steps to change the culture, Josiah led through change and brought about transformation across the culture.

It is recorded that “Thus Josiah removed all the abominations from all the country that belonged to the children of Israel, and made all who were present in Israel diligently serve the Lord their God. All his days they did not depart from following the Lord God of their fathers” (2 Chron 34:33). He executed all of the priests who were engaged in pagan worship, burning their bones on their own altars (2 Kings 23:20). He

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<sup>16</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 383.



even removed the houses that the king of Judah had dedicated to the sun (2 Kings 23:11).

“In short, Josiah presides over nothing less than a renewal of the Mosaic covenant. He stands by the pillar, the location in which Judah’s kings traditionally stood at their anointing. The position probably signifies his dual role as leader and fellow-member of the covenant people.”<sup>17</sup>

This vignette illustrates the application of the principles previously articulated and explored:

- **Stewardship and Leadership:** Josiah took ownership of the rich stewardship that had been handed down to him from his father David (2 Chron 34:2) and was actively leading his people in his ways. A key aspect of leadership is the role a leader plays in guiding and developing others. The culture transformation that Josiah ultimately led involved the active participation of Josiah in leading the people under his care back to relationship with God.
- **Authority and Accountability:** Using the authority he was given as king, Josiah empowered and resourced overseers, workmen, craftsmen, and others to restore the temple; Josiah explicitly called the people to account and required a commitment from them to that accountability. Even though Josiah knew that calamity would eventually fall on the people because of their sinful choices, Josiah did not give up. He lived out his reign responsive to the principles of authority and accountability.
- **Justice and Service:** Josiah kept Passover, and “he set the priests in their duties and encouraged them for the service of the house of the Lord” (2 Chron 35:1-2), saying to them, “Now serve the Lord your God and his people Israel” (2 Chron 35:3). Here the principles of authority, accountability, justice, and service are applied.
- **Communication and Integrity:** Josiah communicated with the priests, the Levites, the teachers of all Israel, his leaders, and the people at large and ensured that they were organized them into divisions, bringing order to chaos. He called them to righteousness; Josiah’s journey was to restore things to their rightful order. Applying the principle of communication meant that Josiah did not just “tell” the people what to do. He engaged with them fully, leading them to unity of purpose and worship, through repentance and back to integrity of character and relationship.

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<sup>17</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 382.

- Continuous Learning and Growth: Josiah had the Levites teach the people, applying the principle of continuous learning and thus growth. Bringing transformation to the culture was accomplished over time through a process of dialogue, awareness building, education and training.
- Accomplishment and Measurement: The people were changing. One sees evidence of measureable, spiritual growth, for example: “the leaders gave willingly,” people were engaged in worshipping God alone, and “there had been no Passover kept in Israel like that since the days of Samuel the Prophet; and none of the kinds of Israel had kept such a Passover as Josiah kept” (2 Chron 35:18), and, “all the people took a stand for the covenant” (2 Kings 23:3). Once again God’s desires and purposes are accomplished with measurable results.

This is a powerful vignette illustrating how governance can be used as a tool to transform culture, but this called for a concerted effort, intentionality, and perseverance from Josiah to overcome the transitory changes instituted by his predecessors. The story of Josiah is a great illustration of the maxim, “change the people, change the culture.”<sup>18</sup>

#### Vignette Four: Nehemiah Rebuilds a Wall and a People (Nehemiah 1–13)

“The entire wall was joined together up to half of its height, for the people had a mind to work.”  
—Nehemiah 4:6

This vignette begins with a plea from Nehemiah to God based on His covenant with His people. Nehemiah mourns, prays, and fasts before God and then makes his appeal:

“Lord God of heaven, O great and awesome God, You who keep Your covenant and mercy with those who love You and observe Your commandments, please let Your ear be attentive and Your eyes open, that You may hear the prayer of Your servant which I pray before You now, day and night, for the children of Israel Your servants, and confess the sins of the children of Israel which we have

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<sup>18</sup> Debra L. Brown and David A. H. Brown, *Governance Culture* (Toronto: BGI Publishing, 2008).

sinned against You. Both my father's house and I have sinned. We have acted very corruptly against You, and have not kept the commandments, the statutes, nor the ordinances which You commanded Your servant Moses. Remember, I pray, the word that You commanded Your servant Moses, saying, 'If you are unfaithful, I will scatter you among the nations; but if you return to Me, and keep My commandments and do them, though some of you were cast out to the farthest part of the heavens, yet I will gather them from there, and bring them to the place which I have chosen as a dwelling for My name.' Now, these are Your servants and Your people, whom You have redeemed by Your great power, and by Your strong hand. O Lord, I pray, please let Your ear be attentive to the prayer of Your servant, and to the prayer of Your servants who desire to fear Your name; and let Your servant prosper this day, I pray, and grant him mercy in the sight of this man." (Neh 1:5-11)

In his prayer, Nehemiah appeals to God in the context of His covenant with His people—the context of promise and mercy in response to covenant keeping. Nehemiah is seeking the mandate and the blessing of God to rebuild the city of his fathers, a mandate that is confirmed when he finds the favor of King Artaxerxes.

Rebuilding the wall did not come without significant challenges. Their enemies conspired against them, the work was difficult, laborers were becoming exhausted from their efforts. Day and night they toiled on at great expense to their families. "He was not deflected by opposition, but rather responded with a positive assertion of what he had been called to do, and left the outcome to the God who had initiated the task."<sup>19</sup>

It was not long before "the entire wall was joined together up to half of its height, for the people had a mind to work" (Neh 4:6). The Bible records, "So the wall was finished on the twenty-fifth day of the month of Elul, in fifty-two days" (Neh 6:15).

But the story does not stop there. The work of restoring the people to God and to Jerusalem followed the rebuilding of the wall. Nehemiah has been given the

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<sup>19</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 433.

stewardship of restoring the wall of Jerusalem, which ultimately leads to restoration of the people. "Nehemiah's response to hearing the news is indicative of his awareness that God was calling him to a completely new sphere of service, for which his position and training had uniquely prepared him. This is shown in particular by his sense of identity with his people and the fact that he prayed about the situation for four months."<sup>20</sup>

Nehemiah is orderly and courageous in his leadership, confident in the knowledge that "the God of heaven Himself will prosper us; therefore we His servants will arise and build" (Neh 2:20). He obtains the necessary favor and resources from the king, assesses the task in front of him, approaches the priests, nobles, officials, and others with his plan, garners their support, stands firm against those who would come against them, and begins the project. "With more than a hint that he believed that God had sent him, he invited the cooperation of the people in the fulfilment of his call."<sup>21</sup> He had been given the authority for the task, and he was acting on that authority, with complete accountability and inclusive communications.

Nehemiah had rallied the people. They had God's favor, a committed leader, a purpose to accomplish, and the resources they needed; as a consequence measurable results were soon visible. "Nehemiah had no doubts that God could use human channels to supply his needs."<sup>22</sup>

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<sup>20</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 432.

<sup>21</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 433.

<sup>22</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 433.

The complaints of the people allowed Nehemiah to discover and correct a lack of integrity inside the family. The people had not been able to care properly for their families and had to borrow money to pay their taxes to the king because so much of their energy and time was focused on their work on the wall. Regardless, the nobles and rulers were placing financial burdens on the people by charging them high interest rates on the money the people needed to borrow in order to pay their taxes to the king. Their burdens were becoming almost unbearable, and their sons and daughters were being forced into slavery. "This could not help in the present sudden emergency, and, besides, what was happening was contrary to the whole ethos of what Nehemiah was attempting to achieve."<sup>23</sup> This had to stop.

Nehemiah called them back to integrity:

"What you are doing is not good. Should you not walk in the fear of our God because of the reproach of the nations, our enemies? I also, with my brethren and my servants, am lending them money and grain. Please, let us stop this usury! Restore now to them, even this day, their lands, their vineyards, their olive groves, and their houses, also a hundredth of the money and the grain, the new wine and the oil, that you have charged them." (Neh 5:9-11)

"The sense of social injustice was aggravated by the facts that their creditors were fellow-Jews and that they were reaching the point of having to sell themselves into debt-slavery."<sup>24</sup> The cultural norm of exacting usury was no longer an acceptable practice. The practice stopped, everything that the nobles and rulers had taken from the people was restored, and work on the wall continued.

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<sup>23</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 435.

<sup>24</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 435.

A practice in their culture that had caused the dysfunction was corrected as Nehemiah sought justice for those who served so diligently. As one commentary expresses this, “Nehemiah’s response to these problems is a model of perceptive leadership. He displayed commonsense flexibility in interrupting the work briefly in order to rally his people and in setting in place new arrangements for security. Then he encouraged the people by an appeal to tradition, using methods and words which had proved effective in the past history of Israel.”<sup>25</sup>

In summary, this vignette illustrates the application of the principles previously articulated and explored:

- **Stewardship and Leadership:** Nehemiah is given the stewardship of restoring the Wall of Jerusalem, a stewardship that projects outward to the stewardship of His people, for Nehemiah’s desire to rebuild the wall was not out of concern for the wall itself, rather, out of his concern for the people. He is orderly and courageous in his leadership, confident that God Himself will prosper them, therefore they will arise and build. As challenges arise, Nehemiah applies principle-based flexible leadership.
- **Authority and Accountability:** Nehemiah petitions and obtains the necessary favor and resources from the king, and then acts on his authority from God and the king with complete accountability given by him and expected of others. Nehemiah did not act on his own. Following the principle of authority, he sought the appropriate delegated authority for the task. He in turn delegated certain authority to the teams of people working on the wall and he counted on them to complete the task for the “people had a mind to work.”
- **Communication and Integrity:** Nehemiah engaged with and rallied the people through active, inclusive and clear communications with the priests, nobles, officials and others, and then called the leaders back to integrity to restore the people’s possessions, even stopping the work to change a culturally acceptable practice that lacked integrity and was causing dysfunction and disunity.
- **Accomplishment and Measurement:** Once again God’s ultimate purposes were accomplished and His people were protected. Measurable results were soon visible – the entire wall joined together up to half of its height – and

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<sup>25</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 435.

ultimately the calling accomplished – the wall was finished in fifty-two days. Too, through the process of rebuilding the wall, the city was rebuilt, the people were rebuilt, “Thus I cleansed them of everything pagan.” (Neh 13:30.)

- Justice and Service: Rules-based justice – usury and taxes – practiced under the old culture was replaced by applying principle-based justice for those who served so diligently: the social problem (culture dysfunction) was corrected by Nehemiah applying governance principles.
- Continuous Learning and Growth: The rebuilding of the wall is just the beginning of the story: the work of restoring the people to God and to Jerusalem continued on the heels of the initial task: from repentance and a renewed covenant, to worship and sacrifice, not only the wall but also the social systems and the people were transformed.

The shared experience of rebuilding the wall, and the systems that Nehemiah tore down and replaced, not only rebuilt a protective, physical wall, but they rebuilt cultural norms in the hearts and minds of the people. A commentator expresses it this way, “The wall is regarded as no more than an institutional framework; what counts are the attitudes and activities of the people who live behind it.”<sup>26</sup>

#### Vignette Five: Daniel Leads with Integrity (Daniel 1–6)

Daniel “distinguished himself above the governors and satraps, because an excellent spirit was in him, and the king gave thought to setting him over the whole realm.”

—Daniel 6:3

In this vignette, Daniel, a young Jewish man, had been brought to the palace of Nebuchadnezzar, king of Babylon, so that Daniel would serve him. Nebuchadnezzar had overtaken Judah and taken some of their greatest treasures, including some of their best and brightest young men.

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<sup>26</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 436.

Though Daniel may have been taken against his will, he was never out of God's protection, favor, and will. The Bible says that "God had brought Daniel into the favor and goodwill of the chief of the eunuchs" (Dan 1:9). And, while the king invested three years of training into Daniel and his counterparts in order to enculturate and prepare them for the service of the king, it was God who truly prepared them. We read, "As for these four young men, God gave them knowledge and skill in all literature and wisdom; and Daniel had understanding in all visions and dreams" (Dan 1:17).

Daniel was being prepared to be a steward in the king's household, caring for duties and resources that did not belong to him. Too, he was to be God's steward of tasks far greater than Nebuchadnezzar could know. When the king interviewed them, he discovered that "in all matters of wisdom and understanding about which the king examined them, he found them ten times better than all of the magicians and astrologers who were in all his realm" (Dan 1:20). And so, though the king had brought Daniel to Babylon to serve him, Daniel was in fact in service to, and a steward of, the Great King.

In time, Nebuchadnezzar had troubling dreams. He decided to kill all of the wise men of Babylon because none of them had the capacity to interpret his dreams. Daniel and his companions were at risk of being killed. Daniel steps up into service. God reveals the dream and the interpretation to Daniel, who saves the lives of all of the wise men by going to the king and giving him the interpretation.

The king, clearly impressed, acknowledges Daniel's God as the God of gods and the Lord of kings, and rewards Daniel with a promotion. He is to rule over the whole



province of Babylon and as chief administrator over all the wise men of Babylon. Daniel now had the stewardship of all of Babylon as his responsibility to lead.

Time went by, and King Nebuchadnezzar had a huge golden image created and decreed that everyone should fall down and worship the image. Failure to do so would mean being cast immediately into the midst of a burning, fiery furnace. Daniel's counterparts, Shadrach (Hananiah), Meshach (Mishael), and Abed-Nego (Azariah), refused to bow down. They were swiftly thrown into the furnace, and just as swiftly protected by God from the heat and flames. "At stake was not only obedience to Ex. 20:4-6, but whether those made to be, and being recreated into, the image of God should bow before the image of man. In these circumstances the faith of Shadrach, Meshach and Abednego shines brighter than the flames of the furnace, as they powerfully illustrate faithfulness to God's word."<sup>27</sup> Once again the king acknowledges the Great King and the Most High God.

Soon, Daniel was called to the king to interpret another dream. Again Daniel interprets the dream, a dream which has the king losing his kingdom and his very sanity for a period of seven years. The dream became reality a year later as the king praised himself and his own efforts. After seven years, the king comes to his senses and once again praises, extols, and honors the King of heaven.

King Nebuchadnezzar's successor, Belshazzar, was reminded of Daniel's capacity for interpretation when, in the midst of a great party, a disembodied set of fingers

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<sup>27</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 751.

appears and wrote on the wall in front of him. Again, Daniel provides the interpretation and again he is promoted—this time to be one of three governors.

Soon, Daniel “distinguished himself above the governors and satraps, because an excellent spirit was in him, and the king gave thought to setting him over the whole realm” (Dan 6:3). And “the governors and satraps sought to find some charge against Daniel concerning the kingdom; but they could find no charge or fault, because he was faithful; nor was there any error or fault found in him” (Dan 6:4).

Daniel’s colleagues, jealous of his success, set a trap for him, and he is thrown into a den of lions. God delivers him, and the new king, Darius, is so impressed, he makes a decree that “in every dominion of my kingdom men must tremble and fear before the God of Daniel” (Dan 6:26). And so, Daniel continues to prosper through the reign of Darius and of Cyrus the Persian.

Throughout Daniel’s story, each of the twelve principles is lived out.

- **Stewardship and Leadership:** Daniel is a good and faithful steward – both literally in his earthly office, and vocationally in God’s purpose – and leader in spite of being transplanted into an alien and threatening culture. He was God’s steward of tasks far greater than Nebuchadnezzar could know, a stewardship he accepted regardless of the very present risks to his life.
- **Authority and Accountability:** Daniel is highly accountable to the authority he is given, so much so that through a series of promotions in authority, he ultimately ascends to senior leadership in all of Babylon. Beyond the authority delegated to him by the king, Daniel remains confident in God’s ultimate authority over his life. One example is his refusal to “eat the king’s delicacies” likely in deference to the law of Moses forbidding food derived from the flesh of unclean animals. “(Daniel purposed in his heart that he would not defile himself with the portion of the king’s delicacies, nor with the wine which he drank” (Dan 1:8). The authority Daniel was given in Babylon did not come without the expectation of accountability. Examples of this were that Daniel along with two other governors were accountable to the king, while 120 satraps in turn were accountable to the three governors. Authority and accountability went hand in hand.

- Accomplishment and Measurement: Daniel is successful and accomplished and measurably so—so much so that he is found to be ten times wiser when compared to his contemporaries.<sup>28</sup> In fact, Daniel’s accomplishments “distinguished him above the governors and satraps,” he produced results. So much so, that his contemporaries and direct reports plotted against him.
- Communication and Integrity: The level of communication in terms of the all-encompassing engagement one with another is highly evident between God and Daniel. Daniel remained in close communication with the Father and was known for prayer and fasting throughout his recorded life. From his capacity to interpret dreams and the writing on the wall, to his withstanding the lion’s den, the principle of communication was deep between Daniel and the Father, allowing Daniel the ability to maintain his own cultural norms while living and leading in one that was foreign to him. Daniel then was able to live with integrity. He refused to eat the “king’s delicacies” or bow to his effigy. He maintained the focus of his worship, relied deeply on his faith, and lived according to his convictions. He did not lack integrity.
- Continuous Learning and Growth: While the Babylonian king had invested three years of training into Daniel and his companions, it was God who truly prepared them: God gave them knowledge and skill in all literature and wisdom, Daniel had understanding in all visions and dreams. And he was given “skill to understand” (Dan 9:22). Daniel continued to learn and grow throughout his life not only in terms of his ability to lead and rule, but in his relationship with God and the application and imprinting of that relationship on the Babylonian culture, and so the Persian and Judean cultural inheritances.
- Justice and Service: Was it just that Daniel and Shadrach, Meshach, and Abednego were taken from their homeland to serve the king in Babylon? Perhaps not when viewed through human eyes. Was it just for Shadrach, Meshach, and Abednego to be thrown into the fire or for Daniel to be thrown into a den of lions? Perhaps not when viewed through human eyes. But God is just. He redeemed them for his purposes and service. In turn, Daniel sought justice for others throughout his lifetime, and served both the King of heaven and the earthly kings of Babylon faithfully and without fault.

The story of Daniel is one of faithfulness to the stewardship he was given. Daniel was a recognized leader and administrator, who lived a life of integrity, never afraid to engage in difficult conversations. Daniel found himself implanted into the rigid

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<sup>28</sup> Daniel 1:20: “In all matters of wisdom and understanding about which the king examined them, he found them ten times better than all the magicians and astrologers who were in all his realm.”

governance structure of the palace in Babylon. By staying true to his own governing principles and serving the king to the best of his ability he was able to preserve his culture in an alien culture. At every turn, they bent to his ways and acknowledged his God. The various kings Daniel serves under may not have changed their culture, but they were imprinted by and acknowledged and respected his. And, as mentioned above, Darius goes so far as to decree that everyone in his kingdom must tremble and fear before the God of Daniel.

#### Vignette Six: Paul Builds a Church (Acts 15)

“Go, for he is a chosen vessel of Mine to bear My name before Gentiles, kings, and the children of Israel.”  
—Acts 9:15

From a human perspective, Paul was an unlikely choice as an apostle. And yet, in spite of the ways in which Paul had harmed and persecuted believers, God chose to place this stewardship squarely on his shoulders. “The story has much in common with ‘the call’ of a prophet to a specific mission.”<sup>29</sup>

The narrative in Acts relates that while Paul traveled the road to Damascus, he encountered Jesus. As one author writes, “This personal encounter with Christ determined the whole course of Paul’s subsequent thought and action.”<sup>30</sup>

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<sup>29</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 1080.

<sup>30</sup> Gerald F. Hawthorne, Ralph P. Martin, and Daniel G. Reid, eds., *Dictionary of Paul and His Letters: A Compendium of Contemporary Biblical Scholarship* (Downers Grove, IL: InterVarsity Press, 1993), 682.

That same Lord came to Ananias in a dream, and of Paul says, “Go, for he is a chosen vessel of Mine to bear My name before Gentiles, kings, and the children of Israel” (Acts 9:15). It took some time for the church leaders to trust Paul, but eventually in the church at Antioch, as certain prophets and teachers “ministered to the Lord and fasted, the Holy Spirit said, ‘now separate to Me Barnabas and Saul [Paul] for the work to which I have called them’” (Acts 13:2).

Paul was given stewardship of the gospel. Paul heartily accepted the call, eventually giving his life for it.

It is at the Jerusalem Council where God uses Paul in a governance role to bring about cultural change in the church. The Council of Jerusalem is usually used as an illustration of the leadership of James and the establishment of church polity. It was after all the final judgement of James, the brother of Jesus and leader of the church in Jerusalem, that led to the final decisions of the Council. A one commentator says, “James's proposal commended itself to his colleagues, and appears to have won at least the acquiescence of the Jerusalem church as a whole.”<sup>31</sup> The perspective relevant to this thesis is how governance is a tool to address a social problem and indeed clash of cultures (Jewish, Gentile and Greek) identified by, affecting the ministry of, and brought to the Church leadership by Paul and Barnabas where there was “no small dissension and dispute” (Acts 15:2).

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<sup>31</sup> F. F. Bruce, *The Book of Acts*, New International Commentary (Grand Rapids, MI: Eerdmans, 1998), 297.

A visible indication of this problem is raised in Acts 15, where it says “certain men came down from Judea and taught the brethren, ‘Unless you are circumcised according to the custom of Moses, you cannot be saved’” (Acts 15:1).

And, ultimately, it led to Paul and Barnabas, along with some others, going to Jerusalem to meet with the apostles and elders to discuss the issues. “It was, in fact, the very success of the Gentile mission that led up to the crisis here discussed.”<sup>32</sup>

In Jerusalem, they found some of the Pharisees who were now believers “rose up, saying, ‘It is necessary to circumcise them, and to command them to keep the law of Moses’” (Acts 15:5). The issue was much deeper than whether one should be circumcised or not. At its heart, the issue was about the law versus grace—the old covenant versus the new, the old culture of the Jews and the new culture of the Gentiles. As one author writes, “The modern reader can only appreciate with difficulty how compelling the argument *unless you are circumcised according to the custom taught by Moses, you cannot be saved* would have been to the early Jewish Christians. Centuries of reading the NT writers' solutions have blunted the sharpness of this question for us. These were people who believed that the God of the Scriptures (there was of course no 'New Testament' yet) was the same God who sent Jesus. Jesus was the Jewish Messiah, the answer to Jewish questions, the fulfilment of the Jewish law and prophets, sent by the same God who sent those laws and prophets. How could a person

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<sup>32</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 1088.

claim to accept Jesus and the Father who sent him, while refusing to listen to the other things that God had said and asked?"<sup>33</sup>

By the end of the council Paul had persevered through to consensus among the entire leadership of the church that the Law of Moses, including but not limited to circumcision, was not the mechanism for grafting the Gentiles into the covenant as God's chosen people.

As Laniak writes: "A primary source of "great dissension and debate" (Acts 15:2,5) in the early church was the question regarding Gentiles coming to faith: Would they need to become circumcised (and keep the laws of Moses) or not? In the first "church council" the apostles debated this fundamental issue. In the debate one can see the relational context of leadership. The nature of the covenant community would be reshaped by a ruling that allowed Gentiles to remain outside of the Mosaic law. The Jewish believers who were "of the sect of the Pharisees" (Acts 15:5) were trying to preserve their traditional position, rooted as it was in the Torah. The leadership of both Paul and Peter was staked on this issue; both had broken ranks with Jewish tradition and embraced Gentiles as full believers apart from obedience to the Law. The tension was between traditionalist guardians and innovative traders."<sup>34</sup> The council closed with the leaders communicating the results of the deliberations to the Gentile believers at Antioch. They did so in two ways. First, they sent some of their number back with Paul

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<sup>33</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 1089.

<sup>34</sup> Timothy S. Laniak., *Shepherds After My Own Heart: A Survey of Biblical Leadership* (South Hamilton, MA: Gordon-Conwell Theological Seminary, 2001), 12.

and Barnabas. And, second, they wrote a letter to the churches in Antioch, Syria, and Cilicia. They wanted to communicate that

- Circumcision was not a requirement or central to the believers' position before God in Christ,
- Paul and Barnabas had the full support of the leadership of the church in Jerusalem,
- And, even though they were saved by grace and not the law, they were to live lives of integrity, abstaining from "things offered to idols, from blood, from things strangled, and from sexual immorality" (Acts 15:29). This was not because this would save them; it was because "if you keep yourself from these, you will do well" (Acts 15:29).

Through the new covenant, God was grafting Gentiles into the Jewish covenant. Some wanted to govern using the rules of the Old Testament, but Paul wanted to govern based on the principles of grace.

The Jerusalem Council was an organizational governance structure. James, Paul and his contemporaries, used this governance tool to bring about a transformation in the culture of the church. They used dialogue and debate, built consensus for moving forward, documented it by way of a letter to the churches, and sent leaders out to teach believers, the process for culture change discussed in the literature review of this thesis.

The church was stuck between two cultures—one based on rules and policy, the other based on relationship and love. "The modern reader can only appreciate with difficulty how compelling the argument *unless you are circumcised according to the custom taught by Moses, you cannot be saved* would have been to the early Jewish Christians."<sup>35</sup> Some of the people who had grown up in the old rules-based culture were not willing to embrace people who were being grafted in via the new principles-based

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<sup>35</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 1089.



culture until they completely embraced the old rules. Those from the Jewish culture were prepared to accept only Jewish law and culture.

Paul's call from God was to graft believers in by grace. As one author writes: "Paul laid his law-free gospel before the Jerusalem leaders, and they evidently found it acceptable."<sup>36</sup> It took an experience—the event and dialogue at the Council of Jerusalem—that was shared by the entire leadership, to bring about a change of heart.

This first church council, and the decisions its leadership made in terms of their governance principles, was pivotal in setting the cultural norms for the early church, and indeed for much of the church—and modern world—today.

In summary, this vignette illustrates the application of the principles previously articulated and explored:

- **Stewardship and Leadership:** God clearly chose to place His stewardship squarely on Paul's shoulders. Galatians states, "Paul, an apostle, not from men nor through man, but through Jesus Christ and God the Father who raised Him from the dead" (Gal 1:1). This was an extremely unlikely and challenging choice from the perspective of the newly forming Jewish-Christian culture, no doubt a foretaste and endorsement of revolutionary leadership to come (in hindsight.) And lead Paul did, as is clearly seen in his fearless confronting of difficult, and deeply cultural issues that left unresolved could have easily and quickly divided the church, and in his ready acceptance to take the message back to the churches in Antioch and beyond.<sup>37</sup> As Bruce writes, "It was not enough to indulge in dissension and questioning at Antioch: the whole issue had to be debated and decided at the highest level. Otherwise, there was grave danger of a complete cleavage between the churches of Jerusalem and Judaea on the one hand and the church of Antioch and her daughter-churches on the other."<sup>38</sup>

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<sup>36</sup> Hawthorne, Martin, and Reid, *Dictionary of Paul and His Letters*, 683.

<sup>37</sup> "Then it pleased the apostles and elders, with the whole church, to send chosen men of their own company to Antioch with Paul and Barnabas, *namely*, Judas who was also named Barsabas, and Silas, leading men among the brethren" (Acts 15:22).

<sup>38</sup> Bruce, *Book of Acts*, 287.

- Authority and Accountability: First God, then the church leadership, set aside Paul as an apostle, with the authority to take the gospel to the Gentiles, for which Paul was willingly held accountable with often severe and ultimately fatal consequences. Paul had the authority, the right, of leadership over the newly formed “church.” As one author states, “when applied to Paul himself, *exousia* refers to a “right” that stems from his commission as apostle to the Gentiles.”<sup>39</sup>
- Communication and Integrity: Paul and others communicated the dilemma they faced to the apostles and elders of the church, leading to an open and frank two-way dialogue and debate among them, and ultimately to a new consensus on what a life of integrity as a Christian means. It was the fearless dialogue and debate of the Jerusalem Council that maintained the integrity—the unity of the church. Paul was not afraid to face the issue head on. Dissension had entered Christ’s church when “certain men came down from Judea and taught the brethren, “Unless you are circumcised according to the custom of Moses, you cannot be saved” (Acts 15:1). The results of the Council were then clearly communicated in multiple ways to the whole body where they agreed to unify around the decision of the Jerusalem Council. The church was restored to wholeness—to integrity.
- Justice and Service: The fundamental issue at question was of justice: following the rules-based justice of the old Jewish Law, or a principles-based approach with flexibility, love and grace, where service to God’s ultimate purpose was more important than the stumbling blocks raised by the laws.
  - Accomplishment and Measurement: The governance tool—the Church Council—was applied to accomplish a quantum change in the fundamental meaning of Christian culture, and the measures used to gauge a Christian were articulated and clarified at once. The accomplishment of results came quickly, and were measurable. The book of Acts records, “as they went through the cities, they delivered to them the decrees to keep, which were determined by the apostles and elders at Jerusalem. So the churches were strengthened in the faith, and increased in number daily (Acts 16:4-5)—reflecting both missional accomplishment and measurable change.
- Continuous Learning and Growth: It took an experience that was shared and felt by the entire leadership to bring about learning and a change of heart. In the Acts 15 passage there is strong evidence that a learning process took place at the Jerusalem Council. The Council began with two camps—two schools of thought. It ended with compromise that everyone could get behind. Through the process the apostles and elders learned, they grew in understanding, and they adapted as a result. Had they not followed the principles of continuous learning and growth and been able to change their views as individuals, the results could have been disastrous for the early church. Rather, “it **pleased** the apostles and elders, with the whole church,

<sup>39</sup> Hawthorne, Martin, and Reid, *Dictionary of Paul and His Letters*, 55.

.... They wrote this letter by them .... Since we have heard that some who went out from us have troubled you with words, unsettling your souls ... it ***seemed good to us***, being assembled with one accord ... For it ***seemed good to the Holy Spirit, and to us***, to lay upon you no greater burden than these necessary things" (Acts 15:22-29).

As with each of these vignettes, the ultimate outcomes are spiritual and numerical growth, redemption and reconciliation.

#### Conclusion and Vignette Seven: Jesus Brings Transformation

"I do not pray for these alone, but also for those who will believe in Me through their word; that they also may be one in Us, that the world may believe that You sent Me. And the glory which You gave Me I have given them, that they may be one just as We are one: I in them, and You in Me; that they may be made perfect in one, and that the world may know that You have sent Me, and have loved them as You have loved Me."

—John 17:20-23

This final vignette traces the principles employed by Jesus, the founder of Christianity, in terms of setting the broad-based, foundational principles of the culture.

This biblical theological review began with an exploration of The Garden Principles first in the creation covenant and then in the subsequent covenants. Then, moving through a series of vignettes, it illustrates how different people throughout the Bible rely on those same principles when setting the stage and foundation for how they will interact with each other and work together.

From creation, through the fall, to the Law of Moses, to the new covenant and Jesus' replacement of the law with a relationship built on grace, redemption, and a new commandment to love, the same foundational principles can be found. It is these principles that frame relationships and problem solving from Genesis to Revelation.

And, when change is needed to bring balance back to these principles, God enters in with an opportunity for shared experience—an experience through which people are able to reframe, repent, rebalance, and reconnect with God.

Jesus' entrance into history brought the ultimate moment and momentum for reframing and transforming human culture. This new covenant moved humankind from a rules-based covenant (based on following the Law of Moses) to a principle-based covenant (based on mercy and grace). Jesus moved the world from the law to grace.

The teachings of Jesus gave mankind a new paradigm for redemption and relationships with God. This new paradigm was really as old as creation itself—the principles-based paradigm that humankind enjoyed before the fall. Using the lens of cultural creation, the embedding of culture, and cultural transformation, Jesus can be viewed as the founder of the Christian culture, a founder who uses governance as a tool to create, embed, and transform it.

Jesus brought true cultural transformation. His cultural change begins in the heart, for when one changes the people, one changes the culture. The whole world can be changed with this type of cultural change.

Here is how each of the governance principles are applied by Jesus:

Jesus begins by giving His disciples stewardship of the gospel.<sup>40</sup>

Jesus calls the disciples to a new style of leadership: to lead through service.<sup>41</sup>

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<sup>40</sup> Mark 16:15: "And He said to them, 'Go into all the world and preach the gospel to every creature.'"

<sup>41</sup> Matthew 20:26-28: "Yet it shall not be so among you; but whoever desires to become great among you, let him be your servant. And whoever desires to be first among you, let him be your slave—just as the Son of Man did not come to be served, but to serve, and to give His life a ransom for many."

Jesus' authority to His disciples was clear. Jesus empowered His disciples with all the authority they would need when he said, "All authority has been given to Me in heaven and on earth. Go therefore and make disciples of all the nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, teaching them to observe all things that I have commanded you; and lo, I am with you always, even to the end of the age" (Matt 28:18-20).

Jesus transferred His full authority to His disciples and prays to that effect in what is commonly called the high priestly prayer. Jesus prays, "As You sent Me into the world, I also have sent them into the world" (John 17:18).

He also made their mandate clear when He "called His twelve disciples together and gave them power and authority over all demons, and to cure diseases. He sent them to preach the kingdom of God and to heal the sick" (Luke 9:1-2). "The spread of Jesus' ministry gave him both the need and the opportunity to instruct the Twelve in the work of mission. He shared with them his authority from God to preach and to heal the sick."<sup>42</sup>

They did not have to take anything with them, because He would provide all of the resources they would need. The resources Jesus' disciples were given as He sent them out included the Holy Spirit:

And He said to them, "Take nothing for the journey, neither staffs nor bag nor bread nor money; and do not have two tunics apiece. Whatever house you enter, stay there, and from there depart. And whoever will not receive you, when you go out of that city, shake off the very dust from your feet as a testimony against them." (Luke 9:3-5)

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<sup>42</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 995.

As A. B. Simpson once said, “Christ’s heart is bursting with resources that the world needs and that He is ready to use.”<sup>43</sup>

The disciples accepted this responsibility when they “departed and went through the towns, preaching the gospel and healing everywhere” (Luke 9:6).

As the “true vine” Jesus expected His disciples to accomplish His purposes, to bear fruit,<sup>44</sup> as God’s people had been instructed to do in times past, back to creation, and to keep His commandment to love God and each other.

Jesus always provides a communication mechanism for His disciples. One such mechanism is that of prayer: “Whatever you ask the Father in my name He may give you” (John 15:16) and “Most assuredly, I say to you, whatever you ask the Father in My name He will give you. Until now you have asked nothing in My name. Ask, and you will receive, that your joy may be full” (John 16:23-24). In addition, the Holy Spirit who would guide them in all truth and tell them of things to come.<sup>45</sup> The Holy Spirit would be there to lead, guide and help them, just as Jesus had done in His earthly ministry.

Jesus’ prayer to the Father in John 17 is a call to integrity, to keeping his disciples and those who would follow them in perfect oneness and unity with Jesus:

“I do not pray for these alone, but also for those who will believe in Me through their word; that they also may be one in Us, that the world may believe that You sent Me. And the glory which You gave Me I have given them, that they may be

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<sup>43</sup> A. B. Simpson, *Cross of Christ*, accessed July 14, 2014, <http://hopefaithprayer.com/books/TheCrossofChrist.pdf>. A. B. Simpson was the founder of The Christian Missionary Alliance Church.

<sup>44</sup> John 15:16-17: “You did not choose Me, but I chose you and appointed you that you should go and bear fruit, and that your fruit should remain, that whatever you ask the Father in My name He may give you. These things I command you, that you love one another.”

<sup>45</sup> John 16:13: “However, when He, the Spirit of truth, has come, He will guide you into all truth; for He will not speak on His own authority, but whatever He hears He will speak; and He will tell you things to come.”

one just as We are one: I in them, and You in Me; that they may be made perfect in one, and that the world may know that You have sent Me, and have loved them as You have loved Me.” (John 17:20-23)

The principle of integrity means completeness—completeness in every part—perfect and without blemish or blame in entirety. This principle is at the center of what Christ came to do and to pass on to the world through His disciples.

Continuous learning is a process of active discovery. Jesus disciples’ did not know all things when they set out to fulfill their mandate. But they set out. Jesus revealed more and more to them over time. The Spirit revealed more and more to them over time. The expectation of increase and growth (fruitfulness) was without question. Learning and growth spiritually and numerically was expected and continual—it was foundational to their purpose. This learning and growth process remains an integral principle of the Christian experience.

All of this so that humankind would once again be made right with God—justified by faith (Rom 5:1-21). Law brought the knowledge of sin (Rom 3:20), but grace, redemption from it. Justice requires a penalty for sin. Jesus paid that price. The principle of justice too is a central construct of the Christian faith and the story of Christ—it is justice He came to enact. Without this foundational principle there is no new covenant.

The creation story comes full circle. For, as Weston writes, “The covenant-keeping God has never deviated from His revealed purpose in the Edenic (Creation) revelation. It is a love story; the story of the faithful Creator and Bridegroom-Redeemer.”<sup>46</sup>

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<sup>46</sup> Weston, *Seven Covenants*, 6.

The last of the foundational principles of Jesus' ministry was that of service. He came as a servant for the purpose of service.<sup>47</sup> He led by example as a servant leader, even washing the feet of His disciples. "Unless Jesus cleanses people they have no possibility of cleansing."<sup>48</sup> The Christian disciple is called to a life of service to the stewardship of the gospel. As Jesus walked, so must those who have been justified by faith in Him.

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<sup>47</sup> Matthew 20:26-28: "Yet it shall not be so among you; but whoever desires to become great among you, let him be your servant. And whoever desires to be first among you, let him be your slave—just as the Son of Man did not come to be served, but to serve, and to give His life a ransom for many."

<sup>48</sup> Carson, Wenham, Motyer, and France, *New Bible Commentary*, 1053.



## **CHAPTER FOUR**

### **A CASE STUDY EXAMPLE OF USING GOVERNANCE TO TRANSFORM ORGANIZATIONAL CULTURE**

#### **Purpose of the Case Study and Introduction to the Chapter**

This case study describes how the author of this thesis tested “using governance as a tool for transforming organizational culture.”

Building on the literature and theological review chapters, which include The Garden Principles and clear definitions of organizational culture and governance, this chapter includes the thesis’ primary research project, a comprehensive case study conducted over an eight-year period (2007 – 2015) in a large, international parachurch ministry.

This ministry, Evangelism Explosion International (EEI), was facing a series of challenges and opportunities—a series of problems that it sought to solve. At the heart of the issue was a desire and need to solve a deep cultural problem. The nature of the problem, which will be discussed in-depth later in this chapter, was deeply cultural, stemming from a founder-led, centralized, western-minded ministry that sought to become one that is decentralized, with the true ownership and stewardship of active ministry at a national and even local level.

This case study was approached based on the conclusions of the literature review and the biblical theological chapters of this thesis. Those conclusions are that:

1. If culture is about how people decide what is right and wrong as they work together through shared experience to solve their problems—whether those problems are internal or external to the group; and
2. Governance is about setting the direction and gaining reasonable assurance as to the control of organizations; and

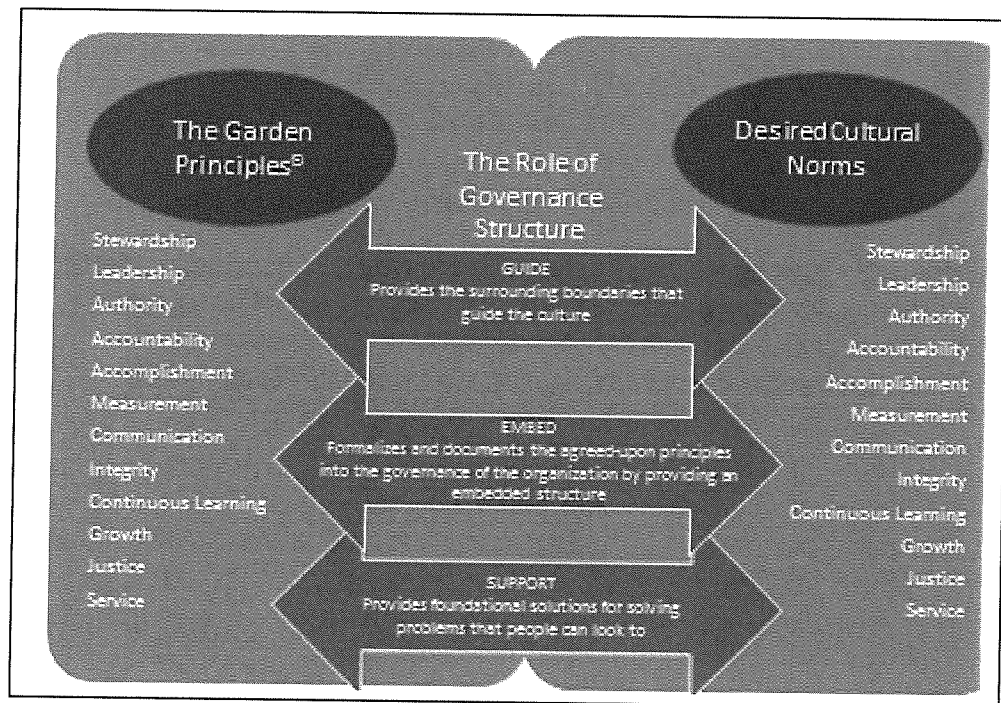
3. The processes for creating, embedding, and changing both culture and governance are fully aligned; and
4. Governance and culture share the same sources and uses of power; then
5. Governance provides an effective tool for transforming organizational culture.
6. If different people throughout the Bible (from creation, through the fall, to the Law of Moses, to the new covenant and Jesus' fulfillment of the law with a relationship built on grace, redemption, and a replacement of the law with a single new commandment to love) rely on a series of foundational biblical principles, first articulated and evidenced in the garden by God Himself through shared experience with Adam and Eve; and
7. Those principles set the stage and foundation for how humankind can interact with each other and work, and solve problems together;
8. Then, creating a shared experience to solve a real-world organizational problem, using governance as a tool—governance that is built on the foundational Garden Principles—should transform the organizational culture.

The figure that follows (figure 4.1) summarizes the aspirations, governance tools, and outcomes expected (culture change) of EEI at the beginning of the case study period. The following figure (4.2) and the columns in table 4.1 are intended to illustrate and articulate the alignment of

1. The twelve Garden Principles<sup>®</sup> that EEI embraced and wanted to see embedded. As outlined in the biblical theological chapter, these are derived from the Bible, beginning with Genesis 1 and 2, and found throughout the biblical narrative and across the epochs of time, and are the fundamental principles that God exhibited in the beginning to serve as an example for guiding our own lives, and the lives of our social organizations, including EEI. Culture will mirror these principles when they are lived out in practice.
2. These generic principles contextualized for corporations and organizations such as EEI: the principles of corporate governance in the modern corporation.
3. The governance structural tools selected by and for EEI for each principle that guide, embed, and support the desired culture. The literature review chapter identified a series of governance tools, and this column highlights those chosen and applied at EEI during the case study. Governance structure is designed to guide (provides the surrounding boundaries that guide the culture), embed (formalizes and documents the agreed-upon principles into the governance of the organization by providing an embedded structure) and support (provides the foundational solutions for solving problems that people can look to for answers in order to maintain cultural norms) the principles and therefore the culture.
4. The expected cultural norms determined by the leadership at EEI.

5. These principles and cultural expectations were then rolled outward as expectations for each of the national ministries. A series of key criteria, which are explained further in this chapter, were put in place as proxies to measure the status of a multiplying nation (described further in this chapter)—each of which relates back to The Garden Principles and the cultural expectations of the ministry.

**Figure 4.1: The Role of Governance Structure**



**Figure 4.2: Alignment of the Intervention**



Table 4.1: Summary Table

1. The Garden Principles	2. The Corporate Governance Principles*	3. The Governance Tools	4. Expectations for Culture Change	5. Criteria for Multiplying Nation Status
The principles that EE International embraced and wanted to see embedded	How The Garden Principles apply to corporate/board governance in organizations like EE International	The governance structural tools selected by/for EE International that guide, embed, and support the desired culture	What EE International expected to see in its transformed culture	Markers of the new culture: criteria used to measure and recognize multiplying nations' ministry
<p><b>The Principle of Stewardship</b> Being a steward means to be entrusted with the care and oversight of resources that do not belong to one—the concept is that the stewardship of those resources will lead to the benefit of both the resources and the owner.</p>	<p><b>The Principle of Stewardship</b> The board has been entrusted with the direction of the corporation/ organization/ ministry; this means exercising stewardship over all its resources—which belong to others—in the most effective and preservative way.</p>	<p><b>Articulation of what the Board of EEI has Stewardship of</b> Corporate bylaws  Congress, board, and committee structure and terms of reference/ charters  Governance oversight and board-level policies</p>	<p><b>A Culture of Stewardship</b> Fully engaged board of directors fulfilling their roles and responsibilities without overstepping the board/management line</p>	<p><b>Stewardship of the National Ministries at the National Board Level</b> The national ministry has a functional board of directors that affirms the absolute necessity of effective governance for healthy growth of the national ministry. (This is an indicator that the board is engaged and has good governance in place to support the work of the ministry.)</p>

1. The Garden Principles	2. The Corporate Governance Principles*	3. The Governance Tools	4. Expectations for Culture Change	5. Criteria for Multiplying Nation Status
<b>The Principle of Leadership</b> Leadership: To be a leader is to rule, lift, or carry something (whether a burden or the hopes of others), with a significant sense of the meaning of leadership to guide and teach others to know and understand things they would otherwise not have known.	<b>The Principle of Leadership</b> The board must lead, guide, and develop the resources (financial, human, technical, etc.) toward the best interests of the organization.	<b>Articulate Leadership Criteria for EEI Board</b> Board competencies matrix	<b>A Culture of Leadership</b> A board of directors that fully understands the ministry in all of its aspects, providing strategic leadership of all of its resources  A board of directors that brings skills, knowledge, and wisdom to the oversight and leadership of the ministry	<b>Leadership in Place in the National Ministries</b> The national ministry is led by a national director. (This is an indicator that there is a leader in place who is responsible to the Board for leading and reporting effectively.)
<b>The Principle of Authority</b> Authority: To have authority means to have the right to rule, control, govern, and decide about everything we as people have stewardship over.	<b>The Principle of Authority</b> The board empowers the Chief Executive Officer (CEO) to lead the corporation; and expects to count on the CEO to use that delegated authority wisely; cascaded throughout the corporation, authority	<b>Empower at EEI Based on Specific Authority Levels</b> Covenants with national Ministries that include their delegation of authority  Clear and comprehensive strategic plan including vision, mission, values,	<b>A Culture of Empowered Authority</b> National indigenous ministries that are owned and empowered by the nations  The CEO knows exactly what is expected in terms of performance, accountability for resources, and results	<b>Authority Mechanisms Are in Place and People Are Empowered in the Nations</b> There is a robust, board-approved, annual plan that strategically aligns to the EEI vision, mission, Values, guiding principles, and goals. (This is an indicator that the Board is engaged

1. The Garden Principles	2. The Corporate Governance Principles*	3. The Governance Tools	4. Expectations for Culture Change	5. Criteria for Multiplying Nation Status
	<p>and delegated authority levels in the organization are meant to enable everyone to reach their potential and thus the potential of the organization.</p>	<p>guiding principles, statement of faith, goals, objectives, and strategies</p> <p>CEO performance mandate</p> <p>Delegation of authority to the CEO</p>	<p>The CEO is empowered to succeed</p> <p>The CEO empowers others (staff and volunteers)</p>	<p>and has a plan for moving forward strategically.)</p> <p>There are full and/or part-time paid field staff working in the ministry. (This is an indicator that the ministry has given specific authority to individuals.)</p> <p>The national ministry has signed and abides by the EE covenant. (This is an indicator that the ministry is in partnership with EEI and with the nations around the world – it is placing itself under the authority of the covenant.)</p>

1. The Garden Principles	2. The Corporate Governance Principles*	3. The Governance Tools	4. Expectations for Culture Change	5. Criteria for Multiplying Nation Status
<p><b>The Principle of Accountability</b>  Accountability means that people are answerable for how well they have led or carried through on the stewardship of those things they have been given authority over.</p>	<p><b>The Principle of Accountability</b>  The board ensures that wherever authority is delegated, systems are put in place in order to ensure accountability for the authority that has been delegated.</p>	<p><b>Put Accountability Mechanisms in Place at EEI</b>  Covenants with national ministries outlining their accountabilities    budget that is aligned to, and resources, the strategic plan    Financial oversight policies (cash and investments)    Risk direction policies (board-approved risk tolerances and appetites)</p>	<p><b>A Culture of Accountability</b>  National indigenous ministries that are accountable to EEI and each other, providing regular reporting against covenantal agreements and results    The CEO is held accountable for results    The CEO holds staff and volunteers accountable for results</p>	<p><b>Accountability Mechanisms Are in Place in the National Ministries</b>  There are full and/or part-time paid field staff working in the ministry. (This is an indicator that the ministry is holding people accountable to the plan and has the resources to accomplish the plan.)    The national ministry has signed and abides by the EE covenant. (This is an indicator that the ministry is in partnership with EEI and with the nations around the world – it is holding itself accountable to the covenant.)</p>

1. The Garden Principles	2. The Corporate Governance Principles*	3. The Governance Tools	4. Expectations for Culture Change	5. Criteria for Multiplying Nation Status
<b>The Principle of Accomplishment</b> Accomplishment means to bring something to its rightful completion, a completion that includes the producing of results. The effort expended has accomplished what it was set out to do; it is finished and one is spent.	<b>The Principle of Accomplishment</b> The Board is ultimately responsible for the corporation/organization/ministry accomplishing its purpose and therefore results (vision, mission, goals, and objectives)	<b>Mechanisms for Supporting Accomplishment and Results Are in Place at EEI</b> Clear criteria for multiplying, growing, and emerging nations  Key performance indicators  Setting of risk tolerances and appetite	<b>A Culture of Accomplishment</b> Deep and consistent ministry accomplishments would be expected and experienced in every nation  A ministry that remains focused on accomplishing very specific results  A ministry that enjoys financial health at home and abroad	<b>Mechanisms for Supporting Accomplishment and Results Are in Place in the National Ministries</b> The national ministry is self-supporting with a board-approved annual budget. (This is an indicator that the ministry is financially resourced.)  EE training materials are readily available for all age groups. (This is an indicator of ministry capacity to accomplish results.)
<b>The Principle of Measurement</b> Measurement means that there are standards one will be measured against. Those standards make it	<b>The Principle of Measurement</b> The Board is ultimately responsible for achieving measurable and significant results; so organizations put	<b>Mechanisms for Measuring against Targets and Standards Are in Place at EEI</b> Enterprise-wide scorecard	<b>A Culture of Measured Progress</b> A ministry that was not simply producing a lot of activity, but rather it was producing measureable results – it	<b>Performance Metrics Are in Place in the National Ministries</b> The national ministry sets targets for, measures, and reports against results expected



1. The Garden Principles	2. The Corporate Governance Principles*	3. The Governance Tools	4. Expectations for Culture Change	5. Criteria for Multiplying Nation Status
possible to determine where something is compared with where it should be.	standards and targets in place which make it possible to assess results, to make course corrections when and where necessary, and, to celebrate successes.	Risk reporting framework  Annual and interim financial statements and reporting expectations  Board and CEO evaluation (at EEI and in each national ministry)	was accomplishing its vision, mission, goals, and objectives  A ministry with clear alignment between the strategic plan and the efforts of EEI, staff, and national ministries globally evidenced through agreed-upon metrics	in their board-approved plan. (This is an indicator that the ministry is focused on and measuring its results.)
<b>The Principle of Communication</b> Communication is a two-way street. It means listening to perceive and understand fully what is heard and acting on and speaking out in appropriate ways based on that understanding.	<b>The Principle of Communication</b> The Board encourages open, robust, honest, two-way communications at the top of the corporation/ organization/ ministry in order to ensure broad understanding about the organization, its purpose, goals, strategy, and progress.	<b>Formal Reporting and Communication Mechanisms Are in Place at EEI</b> Annual report to donors, foundations, and other stakeholders  Governance disclosures  Compliance reporting and policies	<b>A Culture of Transparent, Responsive Communications</b> A ministry that proactively, transparently and consistently reports results to donors, foundations, and other stakeholders	<b>Formal Reporting and Communication Mechanisms Are in Place in the National Ministries</b> The national ministry reports on its results to EEI as required.

1. The Garden Principles	2. The Corporate Governance Principles*	3. The Governance Tools	4. Expectations for Culture Change	5. Criteria for Multiplying Nation Status
		Communications protocol	<p>A ministry that is responsive to the needs of national ministries</p> <p>A ministry that provides mechanisms to listen to the both positive and negatives messages of its employees, donors, the national ministries, and other stakeholders</p>	
<p><b>The Principle of Integrity</b> Integrity means completeness: completeness in every part, perfect and without blemish or blame in entirety. Before the fall, all was transparent and unified, an integrated whole—there was complete, perfect integrity. Communications were</p>	<p><b>The Principle of Integrity</b> The board ensures integrity of information and unashamed transparency so that the organization's shareholders and other stakeholders can clearly see what is really going on inside the organization, allowing trust to be built toward a unified whole.</p>	<p><b>Integrity Mechanisms in Place at EEI</b> Code of conduct</p> <p>Integrity assurance policy</p> <p>Audit on control (internal and external)</p> <p>Integrity assurance policy</p>	<p><b>A Culture of Integrity</b> A ministry that is above reproach in all matters including in its use of funds – both designated and non-designated</p>	<p><b>National Ministries Have a Mechanism for Integrity Within Their National Boundaries</b> The national ministry is an officially registered entity. (This is an indicator that the ministry is credible, well governed, and will have long-standing legacy for its successors—it is structured for</p>

1. The Garden Principles	2. The Corporate Governance Principles*	3. The Governance Tools	4. Expectations for Culture Change	5. Criteria for Multiplying Nation Status
honest, deep, open, and unashamed.				continuity of life and growth.)
<b>The Principle of Continuous Learning</b> Continuous learning is a process of active discovery. It means to make oneself apprised of knowledge, to reflect on that knowledge, and then to apply it in service to God and others.	<b>The Principle of Continuous Learning</b> The corporation/ organization/ ministry should be continually learning and maturing at all levels, from the front lines of the organization to the boardroom. The more an organization learns, the more it is able to apply that knowledge and product innovation to the service of others.	<b>Formal Mechanisms in Place at EEI the Support Continuous Learning</b> Access to governance education, leadership development program, and theological training  Succession planning for <ul style="list-style-type: none"> <li>the board</li> <li>the president &amp; CEO</li> <li>the executive team</li> </ul> Board Member Orientation Program (for EEI and the National Ministries)  Board Member ongoing Governance Education (for EEI and the National Ministries)	<b>A Culture of Continuous Learning</b> A ministry that is committed to continuous learning  A ministry that is proactive in orientation, education, and ongoing training based on the needs of both the individual and the ministry itself	<b>National Ministries Innovate and Support Continuous Learning</b> There is active EE ministry strategically, innovating, multiplying, and implementing in churches nationwide. (This is an indicator of ministry continuous learning.)
<b>The Principle of Growth</b>	<b>The Principle of Growth</b>	<b>Mechanism in Place at EEI to Support Growth</b>	<b>A Culture of Growth</b>	<b>Mechanism in Place at the National Ministry</b>

1. The Garden Principles	2. The Corporate Governance Principles*	3. The Governance Tools	4. Expectations for Culture Change	5. Criteria for Multiplying Nation Status
Growth means to have the expectation of increase.	Encouraging a culture of innovation and change throughout the corporation/ organization/ ministry is integral to its continued success and growth. If an organization does not innovate it will peak and decline.	HR performance management system	<p>A ministry that is committed to growth</p> <p>A ministry comprised of individuals who expect and work toward growth personally and corporately</p>	<p><b>Level to Support Growth</b></p> <p>There is significant interdenominational representation of the national church community in the activities of the ministry. (This is an indicator that the ministry is strong, growing, and diverse.)</p>
<p><b>The Principle of Justice</b></p> <p>Justice is all about judgment. It means to enact both the letter and the spirit of the law—to judge a matter just while being fair in the treatment of others and in the application of the law. Justice is always upright and allows for the vindication of those who are wronged. It is a</p>	<p><b>The Principle of Justice</b></p> <p>Corporations must follow any regulations that apply to them and that they are subject to. And they must follow them according to both the letter and the spirit of those laws. They must treat shareholders, stakeholders, and others justly and equitably.</p>	<p><b>Mechanism in Place at EEI to Support Just Treatment</b></p> <p>Human resources philosophy</p>	<p><b>A Culture of Justice</b></p> <p>A ministry that recognizes the importance of each team member and understands the vital role each one plays</p>	<p><b>Mechanism in Place at the National Ministry Level to Support Just</b></p> <p>There is significant interdenominational representation of the national church community in the activities of the ministry. (This is an indicator that the ministry values diversity, fairness, and contributions of all</p>

1. The Garden Principles	2. The Corporate Governance Principles*	3. The Governance Tools	4. Expectations for Culture Change	5. Criteria for Multiplying Nation Status
lens through which people are able to judge between right and wrong, good and evil, fair and unjust treatment. The rigidity of justice makes a way for judgment; the pliability of the application of justice makes a way for grace.				members of the church broadly.)
<b>The Principle of Service</b> Service is a principle that means to be actively engaged in laboring in the service of God and others, the ultimate purpose of which is to serve in such a way as to humbly bring restoration and healing through the accomplishment of acts of service and ministry. Service is an act of love.	<b>The Principle of Service</b> All corporations, organizations, and ministries are created to be in the service of others. The principle of service should apply at all levels throughout the organization. For example, the Board is a servant, made up of individuals who are serving one another, the organization itself, shareholders, other	<b>Mechanism in Place at EEI for the "Servants" Who Serve the Ministry</b> Human resources policies and guidelines	<b>A Culture of Service and Servanthood</b> A ministry that is committed to creating and maintaining a culture that always points its team members to the gospel of Jesus Christ.  A ministry where team members encourage and promote <ul style="list-style-type: none"> <li>• prayer</li> </ul>	<b>Mechanisms in Place in the National Ministries for Serving Others</b> The national ministry is assisting other nations. (This is an indicator that the ministry is not only growing both deep and wide but also that it is serving and caring for other nations.)

1. The Garden Principles	2. The Corporate Governance Principles*	3. The Governance Tools	4. Expectations for Culture Change	5. Criteria for Multiplying Nation Status
	stakeholders, society, and even the CEO.		<ul style="list-style-type: none"> <li>• dependence on the power of the Holy Spirit,</li> <li>• love for Jesus' church, Jesus, and His commands, and for the lost</li> <li>• commitment to modeling,</li> <li>• an open-handed nature</li> <li>• biblical strategy and spiritual multiplication</li> </ul> <p>All accomplished according to godly principles and performance excellence.</p>	

## History of the Ministry<sup>1</sup>

The ministry of Evangelism Explosion started, for all rights and purposes, in 1962 at Coral Ridge Presbyterian Church in Fort Lauderdale, Florida. It was started by its senior pastor, Dr. D. James Kennedy. At that time, Coral Ridge was a small church plant in South Florida. As a young pastor, Dr. Kennedy watched all his attempts to grow his first congregation fail. His church attendance dipped. Recalling those difficult times, he said, "Extrapolation made it clear that I had two-and-a-half months of ministry left before I was preaching to only my wife—and she was threatening to go to the Baptist Church down the street!"

Dr. Kennedy called this time the lowest point in his ministry. It was then that friend and pastor, Kennedy Smartt, invited Jim to assist him in, of all things, a series of evangelistic services in Scottdale, Georgia. "I who had decimated one church was being asked to ship my technique across state lines. Have plague will travel!" quipped Jim.

During those ten days of meetings, Jim simply went out with his friend and watched him engage people spiritually. By the end of the meetings, fifty-four people made professions of faith in Christ.

Dr. Kennedy returned to Fort Lauderdale with the seeds that eventually became Evangelism Explosion International. His church began to grow, and grow. In a twelve-year period, church membership increased from seventeen to two thousand.

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<sup>1</sup> The history of the ministry has been excerpted from EEI publicly available information augmented by interviews with current EEI executives and board members.

Realizing that he could not do this alone, he made witness training a bedrock of his ministry, utilizing on-the-job training. By 1965, Coral Ridge Presbyterian Church had become the fastest growing Presbyterian church in America. Soon pastors started writing the church asking what they were doing to create such growth. At first, Dr. Kennedy tried to write each pastor back to explain what they had discovered. But this became overwhelming.

In 1967, Dr. Kennedy decided to hold a “clinic” where pastors would be shown how to do Evangelism Explosion. He called it a clinic because he wanted to practice what was being taught, not simply learn about it in the classroom. The next year multiple clinics were held around the United States, then internationally. In 1970, the ministry was incorporated as a 501(c)(3) organization separate from the church with its own staff and board of directors.

As EE spread to other countries, EE materials were translated into other languages. By 1984 more training clinics were held overseas than were held in the US.

Over the years, the ministry had grown to include leadership from around the world. In one sense, Dr. Kennedy was quick to release the ministry into the hands of pastors and leaders in other nations. In another sense, he was protective of the makeup of the ministry to encourage quality. As the years went by, nations were tracked in their development by EE’s vice presidents. At any given time, thirty or so nations had reached what was thought of as “mature,” meaning that they had a fairly substantial infrastructure in place to facilitate ongoing ministry. A few of these nations were South



Africa, Kenya, England, Germany, Switzerland, Ukraine, South Korea, Malaysia, the Philippines, Hong Kong, Australia, and New Zealand.

By 1996, the ministry had grown to include pastors and lay leaders from every single nation on earth. Materials had been translated into more than seventy different languages and clinics had been held in many nations.

EE held a gathering in the spring of 1996 where someone from every nation gathered together to rejoice in what God had done, and plan the future together. This was, to Dr. Kennedy (and anyone within EE's) knowledge, the first time this had happened in the history of man.

The ministry, at that time, was guided by what was viewed as an international Board of Directors. There were two members from each continent (as defined by EE: Africa, Asia, Europe, Eurasia, Latin America, North America, and Oceania), fourteen from the USA, and Dr. Kennedy (making twenty-nine total). The board meetings were wonderful times of fellowship, filled with stories of what God was doing all over the world. And while they were a great encouragement, it was impossible for this group to truly govern and direct the worldwide movement. As with many ministries, EE was a "west to the rest" movement, or even a "Fort Lauderdale to the rest" movement.

As early as 2004, Dr. Sterling Huston, chairman of the board of directors, began to dream of a better organization. He saw a number of problems with the current design:

- the two directors from each continent could not possibly represent the total ministry on their continent to the board,
- they could not represent the ministry back to the nations,

- and they could not contain the wealth of knowledge that the nations had amassed, allowing real leadership of the entire international work

On December 26, 2006, after concluding Christmas services at Coral Ridge, Dr. Kennedy fell ill. While he would regain some of his strength in the spring, he would never again serve full-time in any capacity either at the church, or in any of the ministries that he started. It seemed that time was of the essence for Dr. Huston as he led the board of directors in those days.

It is here, at this turning point, where a number of threads began to unravel to create the necessary burning platform for transforming organizational culture.

In the spring of 2007, Dr. Huston, along with Dr. John Sorensen—the ministry’s then executive vice president—led the board to begin to imagine what it would look like to have a truly international board of directors, broader indigenization, and deep international growth. EEI’s board of directors struck an Organizational Review Task Force. This task force was chaired by Dr. Huston.

In this official role, Sterling and John began a study of international Christian organizations to see what experience and wisdom existed in this area, and what EE might learn from their efforts. They visited Wycliffe, Campus Crusade for Christ International, SIL, The Navigators (both International and USA), and World Vision (International and USA). In addition they spoke with representatives from the Billy Graham Evangelistic Association, Youth for Christ, and Youth with a Mission, as well as several denominations.

In the summer of 2007, they, along with fellow board member Archbishop Harry Goodhew, visited the boards of South Korea, the Philippines, Hong Kong, Australia, South Africa, and England. During those visits the future of the ministry was discussed along with the findings from these other international ministries.

With the mountain of data assembled from the other ministries and the boards of EEI's key and most mature nations, Sterling realized that this was just too big, and too important, for them to try to do alone. He suggested engaging Brown Governance, and Debra Brown, for the task.

On behalf of the task force, Dr. Huston approached the author to come alongside the task force and the ministry to assist with its organizational transformation. Dr. Huston was the author's mentor during her Master of Divinity program at Gordon-Conwell, and both served together on the boards of two other international evangelical ministries. The author agreed she would work pro bono with the task force, the organization, board and staff, and that the organization agreed to be used as this case study example of using governance as a tool to transform organizational culture.

In an interview with John Sorensen, he said, "Debra would help us to make sense of all that we had learned, help prepare a way forward with special care to include all the voices heard, and help to prepare a presentation that would allow all the current Board members to come on the same journey and buy in to this new, and potentially uncertain, future." Further, "Brown Governance offered to us the structure to pull off this amazing transition. Without it, all the ideas in the world would have been for naught," says Sorensen. "Debra has the capacity to absorb vast amounts of data,

organize that data into coherent thoughts, and develop a plan to harness those ideas into a future that others will buy in to. She helped us with strategies for the workshops geared to increase understanding and buy in. And helped to give us the faith to believe that such a dramatic change was indeed possible.”

And so, by first building consensus between the board of EEI and its management team on the purpose, objectives, scope and boundaries of the task force, the work began.

### **Research Methodology**

Case studies involve careful observations made over an extended period of time where it is not possible to control the behaviors of those under observation. This thesis project involves a comprehensive case conducted over an eight-year period in a large, international parachurch ministry.

This central case study research was conducted using a series of research techniques in order to answer the questions posed in this thesis. Those techniques include both qualitative and quantitative data and analysis such as meta-research, surveys, interviews, benchmarking, and other observable behavior and data sources.

Of those techniques, the two main research tools used in this thesis project were interviews and surveys. The more quantitative nature of survey-based research was used to establish a baseline and to analyze and understand the breadth of the issues. The more qualitative nature of interviews and facilitated dialogue sessions probed the richness and depth of the data and the stories that data represents.

A proprietary organizational culture tool, an analytical instrument that measures culture against the eight main markers of culture and four core drivers of power in organizations, was also applied at the beginning and end of the project.

Participants in the research included the board of directors, CEO and senior executive team of the ministry, in addition to select national leaders and international field workers from some of the 120 nations where the ministry is currently present and active.

In January 2008, the author conducted the first formal empirical research of the case study. Survey-based research was undertaken in order to establish the baseline organizational culture and governance structure and practices at EEI, as well as to assess the national ministries.

Baseline quantitative results are reproduced in the results section of this chapter alongside the final quantitative results.

For confidentiality reasons, not only at EEI itself but also to protect the confidentiality and safety of national ministries and their leaders, the detailed findings of the baseline audit by nation are not reproduced here. Alternatively, for reporting purposes, this case study does report on the aggregated findings of the national ministries by three groupings—multiplying, growing, and emerging nations—as determined by a series of criteria (see section Agreeing on Criteria to Mature the National Ministries) for each group. Those criteria (see final column in Table 4.1: Summary Table in the introduction of this chapter) are aligned with The Garden Principles.

Then in 2011 when we undertook follow-up survey-based research with national ministries, respondents were asked to evaluate the governance changes at the mid-point of the case study. Their effects and changes from the baseline audit in 2008 are also provided in the results section of this chapter.

Commencing in 2009, and annually since, the author also conducted comprehensive formal evaluations of the performance of the CEO, of the board, and of its standing committees. The development and approval of the metrics, questions, and benchmarks was an important early step in engaging the EEI leadership in the principle-based framework and process, and the 360-degree conducting of this survey-based research each year since the transition also serves to remind and refresh both the board and management team members of these. These evaluations also used The Garden Principles as their organizing framework. For confidentiality reasons, the detailed evaluation findings, data, or results cannot be reproduced here. However, aggregated rates of change and attestations of interviewees illustrate the impact they have had on the individuals on the leadership team, particularly their sense of ownership of their performance objectives, accountability, and team cohesion and unity. A number of significant diagnostic findings were identified, and a number of substantive improvements were made as a result of the CEO and board evaluations.

### **The Process for Culture Transformation**

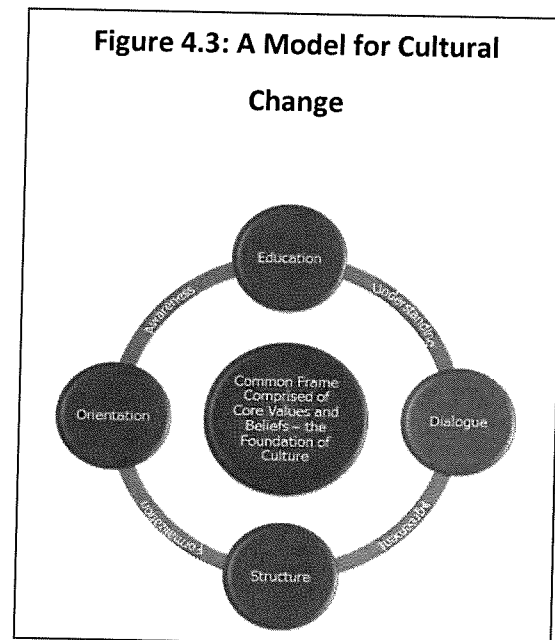
As outlined in the literature review, all of the thought leaders in the field of organizational culture change believe cultural change can happen. There is also broad

agreement that it takes hard work, committed and capable leadership, and a deep understanding of the basic underlying assumptions and cultural norms that are at play. Too, there is broad agreement that the group will need shared experience in the aspect of culture requiring change in order for real transformation to take root.

The literature review also elaborated a process for cultural transformation.

The model for changing culture, as described in the literature review, was followed in this case:

- Beginning with dialogue to build agreement on principles, governance model, and cultural expectations, then
- Formalizing the agreement into process, structure, and governing documentation, then
- Orientating individuals in the governance principles, model, and structure to create awareness, and then
- Creating and applying education programs to deepen understanding of the governance model, principles, and cultural expectations



The participants in the project (the EEI board, president and CEO, executive team, and the national leaders and boards of Evangelism Explosion globally) came together, and through a series of shared experiences and building of agreement on a renewed governance model, designed ways to solve the problems faced by the ministry, which led to the anticipated cultural transformation.

Under the guidance of the author of this thesis, through facilitated dialogue, together they came to a clearer understanding of the existing culture of the ministry, agreed on a vision for its future, and built a proactive plan for moving the organization from the past, through the present, and into the envisioned future.

Agreement came through the use of both qualitative and quantitative means, as the foundational culture was examined. They examined shared assumptions, espoused beliefs and values, and existing cultural norms and symbols, building consensus on what they would keep and what needed to be changed or discarded. Surveys were conducted to provide quantitative research to the project. In-person meetings and facilitated dialogue sessions provided qualitative support.

They considered the organization's history, current reality, and where its future lies. Further, they built (and continue to build) understanding of their preferred cultural future through education, coaching, and mentoring programs. This included giving people something in common to focus on (a shared vision of the future). Throughout the eight-year journey, the team created cultural agreement through consistent leadership, group dialogue, and continuous communication across broader groups in order to reduce ambiguity and get better implementation of decisions.

Formalization of cultural norms and expectations is necessary to both change and maintain a culture. At EEI, the formalization of decisions, agreements, processes, policies, and structural supports were put in place to stabilize the culture. This is intended to help the organization stay the course over time.

Finally, culture change involves creating cultural awareness through formal orientation for new members. The creation of formal orientation programs and expectations for ongoing education were put in place to facilitate awareness of expectations, values, and cultural norms.

The above elements which will be described in more detail further in this chapter are primarily internal mechanisms for creating and embedding culture. However, there



were a number of other drivers that provided the catalyst—the burning platform—for change. Sluggish growth of the ministry, a governing board of directors that was unengaged in the governance of the ministry, frustration and even stagnation in the national ministries, and the death of the ministry founder and president, all served to create the context that would provide the felt need for people to engage in the hard work of transforming their organizational culture.

Culture transformation is not linear. It is much more fluid than linear. While a linear progression and orderly workplan can be created and applied, the process is circular. In this case, the full circle of culture transformation was circumnavigated three times over the eight-year period, from dialogue and agreement, to formalizing the agreements into structures, to orienting people in order to build awareness and finally to deepening understanding through education. And, it continues as the new culture deepens and adapts to new realities.

Throughout the case study project evaluations were conducted and are reported on further in this chapter.

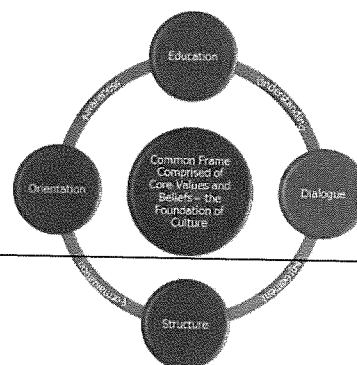
The following table (4.2) details chronologically the culture transformation process used over the period of the case study project as EEI sought to use governance as a tool to transform organizational culture. The first column depicts the culture transformation stage, the second, the date this step was completed, and the third, the actions taken at the time.

**Table 4.2: Culture Change Process**





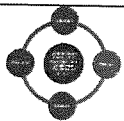





**for Using Governance**






**as a Tool for Transforming**

**Organizational Culture at EE International**



Culture Change Cycle	Date	Actions Taken
Dialogue	2007 - 2008	Assess the current state and problem identification: <ul style="list-style-type: none"> <li>Assess the current governance system and organizational culture in the ministry</li> <li>Engage in dialogue on where the organization was, is, and intends to be</li> <li>Broad, deep consultation with stakeholders worldwide</li> </ul>
Dialogue	2008	Build consensus on and create a roadmap for transformation
Dialogue	2008	Agree on criteria for assessing the maturity level of national ministries
Evaluate	2008	<i>Assess the baseline for organizational culture, EEI ministry health, audit of the maturity of national ministries, board and CEO evaluation</i>
Dialogue Common Frame Comprised of Core Values and Beliefs - the Foundation of Culture	2008 - 2009	Engage in broad dialogue with the international board of directors and executive team to build consensus and agreement on the <ul style="list-style-type: none"> <li>principles</li> <li>new governance model for the international ministry</li> <li>process for rolling the model out to the national ministries</li> <li>renewed vision and mission for the international ministry</li> </ul>
Structure	2009	Create a comprehensive strategy and measurement system to track progress – including cultural transformation progress, documenting all elements of the strategic plan, and an initial enterprise scorecard for assessing the health of EEI and the national ministries
Structure	2009	Document and implement change: apply biblically-based governance principles to change the governance system and organizational culture by documenting the model, revising

Culture Change Cycle	Date	Actions Taken
		the EEI bylaws, and creating comprehensive governance and HR manuals
	2009	Create an orientation and governance education program for the board of directors and senior leadership team of EEI
	2009	Conduct orientation program and governance training for the board of directors and senior leadership Team of EEI
	2009	Begin to communicate to national ministries about new governance model
	2009	Create corporate and EE-specific governance education program and begin to roll it out to national leaders
Evaluate	2009	<i>Assess the progress of the intervention (board and CEO evaluation)</i>
	2010	Hold initial Congress of Nations to engage the larger group, build consensus, share the structure, orient and educate on the new governance model, including the principles that underlie efforts and the cultural expectations going forward. Enter into covenant relationships with the nations and create plans to expand further and deeper (adopting of nations)
Evaluate	2010	<i>Assess the progress of the intervention with the maturing nations</i>
Evaluate	2010	<i>Assess the progress of the intervention (board and CEO evaluation)</i>
	2010	Build consensus on the criteria for measuring the health of the national ministries: maturing, growing, or emerging status
	2010	Define and document the final criteria
	2010	Orient all of the National Ministries on the criteria
Evaluate	2011	<i>Assess the progress of the intervention (board and CEO evaluation)</i>
	2011	Assign a key leader of the executive team to work with national leader to educate and assist in areas of the criteria
Evaluate	2012	<i>Assess the progress of the intervention (board and CEO evaluation)</i>
	2012 - 2013	Educate national boards of directors and other leaders in governance generally and as it applies in the EE context (Fiji 2012, Guatemala 2013)
Evaluate	2012	<i>Assess the progress of the intervention (board and CEO evaluation)</i>

Culture Change Cycle	Date	Actions Taken
<i>Evaluate</i>	2013	<i>Assess the progress of the intervention with the maturing nations</i>
	2013	Hold second Congress of Nations to continue to build consensus, share the structure, orient and educate on the new governance model, including the principles that underlie efforts and the cultural expectations going forward
	2013	Congress adopts the EEI governance model as the model for all of the national ministries globally
	2013	Model is adapted and translated into other languages for use by national ministries
	2013 - 2014	National ministries implement orientation on the governance model for new board members and national leaders
	2014 and ongoing	Education continues from EEI to national ministries leaders (Dominican Republic 2014, Brazil 2014, Indonesia 2014, Cuba 2014, online training planned for 2015)
<i>Evaluate</i>	2014	<i>Assess the progress of the intervention (board and CEO evaluation)</i>
<i>Evaluate</i>	2014	<i>Assess the organizational culture, EEI ministry health, maturity of national ministries (post-organizational cultural assessment, audit of nations, and board and CEO evaluation)</i>

### Assessing the Current State, Dialogue with Leadership, and Determining What Problem Needs to Be Solved



In order to ensure a clear understanding of the current state of the ministry and then to identify the problem, the Organizational Review Task Force, assisted by the author, undertook broad and deep consultations with the organization's stakeholders on where the organization has been, is now, and intends to be. The task force's members traveled around the globe, meeting and consulting with national leaders, staff, volunteers, and donors, and the leaders of other major evangelical ministries who had faced or were facing similar shifts and trends.

Stakeholder consultations confirmed that EE was facing some fundamental shifts and trends which called for significant organizational transformation:

- EE's founder and president, Dr. James Kennedy, had died;
- The entire organization, from the governance system and board, to the executive and the entire staff and volunteer system worldwide, was organized on the founder model, very much a "hub and spoke" system with the founder as the hub;
- The president's office had yet to be filled, partly because the bylaws called for the president to also be the chairman, an indicator of a founder governance model;
- The bylaws were out of date in many other areas, and in many cases did not align with either currently approved policy or practice, and most importantly, not with the principles the ministry wanted as the underpinning of their organizational culture;
- The executive vice president was serving as the Interim president, but there were no clear or sustainable lines of authority and accountability between this office and the board or senior management. In fact, there was no clarity to the job positions of chairman of the board, president (CEO), executive vice president (COO), vice presidents, and other staff;
- Concurrently, the center of gravity of the organization's ministry and works had swung out of the United States and largely into the developing world, yet the center of power and influence was still largely in the United States both at the board and executive level in terms of composition (nationality of incumbents), authority, accountability, and reach – there was no significant defined leadership role for international (non-US) leaders or board members;
- National ministries were expressing a desire—even a need—for greater indigenization of ministry at the national and/or other (e.g., people group or regional) level;
- The organization was in need of a new strategic direction – a mission, vision, values, guiding principles, goals and objectives, and then robust performance objectives against which ministry success could be measured, monitored, and reported; and
- There was a single written commitment ("covenant") between national ministries and the center of EEI, but this reflected more of a parent-child type relationship, did not permit flexibility or different levels of autonomy and accountability from nation to nation, and was not explicit about governance, conduct, financial, stewardship, or accountability expectations among the parties.

The Organizational Review Task Force identified that EEI was in a third phase of its ministry growth:

- During its creative phase, EE began at Coral Ridge Presbyterian Church to meet a need, and pastors start coming to be trained;
- During its pioneering phase, vision was gathered to branch out to the continents, and all nations are reached in 1996—the ministry had broad but not deep reach internationally;
- In this third, maturing phase, many mature nations now desire to participate in spreading the ministry, and international needs are the main driver—the ministry wants both broad and deep reach internationally.

The task force's members submitted numerous verbal and written reports on their consultations and deliberated on their observations and results. The following needs were identified through conversations with EE National Leaders:

1. Good communication and exchange of ideas across regions, continents, and people groups.
2. Clarity and consistency in three areas.
  - a. Things that must not change (non-negotiables and governing principles)
  - b. Things that need permission to change (negotiable processes, policies and procedures)
  - c. Appropriate accountability in fiduciary matters such as money, morals, legality, and reporting of results (governing structures and guidelines founded on principles)
3. A clear, efficient process to request exceptions and/or adjustments to areas described as negotiable.
4. Meaningful participation both in form and substance for the nations and continents in matters of international policy and resources.
5. EE staff trained to encourage, facilitate, and coach national EE ministries
6. Scheduled regional, continental, and global meetings of leaders every twelve months to three years for the purpose of
  - a. Renewing vision
  - b. Exchanging ideas
  - c. Networking, project development and problem solving
7. Guidelines and a communication process to provide for one nation to assist another across geographic and people group boundaries.

In summary, at the beginning of the case study, the ministry of Evangelism

Explosion International can be described in the following ways:

- A hub-and-spoke, command-and-control type of organization, with the United States, and the Fort Lauderdale HQ in particular, being the center of authority and decision making;
- A hierarchical pyramid-shaped organization, with the founder/president at the pinnacle, a layer of continental vice presidents next, then vice presidents, then layers of staff;
- A founder organization, where the founder/president continued to lead the ministry in person globally; during his visits to each country (along with their regional executives), key decisions, changes, policies, and interventions would be made, and the reputation and credibility of the founder was sufficient to rally unanimous support;
- As a result, risk taking and strategy were fairly ad hoc and uneven, dependent on the founder being persuaded or having a vision in a particular direction.

The leadership of the ministry identified several challenges to this situation:

- The founder was ill and a succession plan needed to be put in place;
- The succession of the founder would not just be substituting one president for another; the staff, donors, and other stakeholders of the ministry would not—and should not—be expected to just follow the new leader and their direction in the same way and with the same deference as with the founder;
- National ministries around the globe sought autonomy to customize their ministries, programs, materials, and approaches to their own nation groups' needs, but the hub-and-spoke organization was not designed to enable decentralized decision making or innovation, and the hierarchical pyramid concentrated decision making at the top, with very little flexibility or adaptation;
- Consequently, the ministry faced significant challenges in recruiting and retaining staff and donors, since entrepreneurial or innovative individuals were not attracted to such a rigid approach;
- Ministry was broad but not deep: the number of nations reached was impressive (and, not coincidentally, this was measured and reported), but in most of these nations, ministry was restricted to a small community and single denomination; the actual reach was less impressive;
- Conversely, there was ambiguity about the “non-negotiables,” the core organizing principles and values of the ministry worldwide; the organization

- had made decisions in the field to facilitate local work, and these were not recorded in a single place and were not consistent from place to place;
- Each region was overseen by its continental vice president with no significant integration from vice president to vice president, region to region, or country to country. And, vice presidents oversaw these regions as though the national boards were under their authority, rather than as independent ministries within each country; and
  - The international board of directors was a large, unwieldy body that received and listened to the continental vice president's reports once a year but did not exercise any significant practical governance or strategic leadership; the Board was more of an advisory stakeholder body, which is fairly typical in founder models.

So the ministry faced both significant challenges and opportunities.

It sought to embrace and facilitate indigenization, the true ownership and stewardship of active ministry at a national and even local level, and so to extend its reach to many more people in many more nation groups and denominations—to be both broad and deep in its worldwide ministry. Further, it wanted to capture and share amongst the nations the innovations taking place in ministry pockets across the globe.

To do this, it realized that it needed to enable real innovation and autonomy in the field, throughout the globe, while articulating and having everyone consistently accountable to abide by a core set of “non-negotiables.”

The paradigm around funding was also in need of change: the current model raised almost all funds from US donors, and therefore national and local ministries felt “beholden” or even subservient or inferior to the center, to the US and its leadership.

And it had to put in place a new leader and a new leadership (board and executive team) that would facilitate these changes and enable the ministry to flourish



and sustain itself for many years into the future, and not wilt and erode on the inevitable, and imminent, passing of the founder.

### **Roadmap for Transformation**



The Organizational Review Task Force met and developed a roadmap for organizational transformation, beginning with more empirical and systematic research. This roadmap was presented to the EEI board of directors, discussed and approved at its December 2007 meeting. As pointed out at the time, in a project such as this additional steps will no doubt result from the completion of some of these actions and research.

The roadmap identified key issues and moved the organization forward in its journey toward renewed vision and ministry. The roadmap outlined a series of issues for dialogue, action, and anticipated outcomes related to the organizational culture and related governance reforms. Creating clarity and common understanding of expectations, meanings, and reforms were integral to the plan. Examples of some of the key questions the roadmap addressed were

- How will we identify typical enablers and barriers to cultural change in a personality culture?
- How will we identify enablers and barriers to changing from a personality and policy (more controlling and centralized) culture to enabling people and proficiency in our culture (more empowering and decentralized)?
- How might we develop a communications and implementation strategy that overcomes cultural barriers?
- What do we mean by “indigenization”?
- How do we clarify our commitment to the national level, while also capturing the idea that ultimately we enable the local church?
- Is touching the next generation really integral to our vision and do we have agreement on that?

- How might we engage the VP level, regional director level, and EEI board, and national board levels? What is our attitude toward control?
- How will we let go of what we do not need to control?
- How will we measure and be accountable for success and integrity?
- How will we ensure consistency, integrity, and accuracy in reporting?
- How will we handle significant growth?
- How do we ensure a mechanism that creates and focuses on accountability that is built on relationship?
- How will we articulate reporting requirements against the covenant (including moral, legal, quality, program, outcome standards, and measures)?
- What are the roles and relationships of the international and national organizations?
- How can we ensure the nations/churches have a meaningful role, contribution, and voice?
- Is there a different form of organization that is preferable (e.g., continental or regional)?
- What form of organization will best support and facilitate our vision?
- What are the roles of the international board, executive committee, chair, president, vice presidents, directors, and staff?
- Who decides on resource allocation (ministries and programs)?
- Who decides who decides?
- What is the optimal governance structure (board size, meetings, committees, representational mix, skills and experience, functioning, etc.)?
- How will we ensure the board members/leaders are oriented and trained?
- What documentation changes will need to be made to enable this structure, in what order and when?

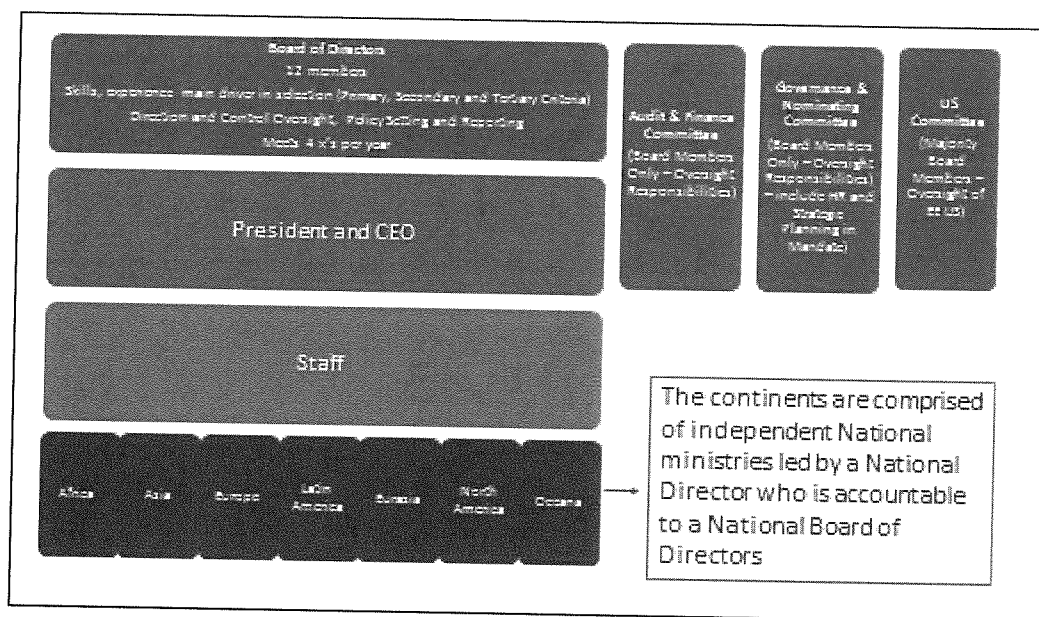
The task force explained the reason for change to the national ministries in this way: “The growth of Evangelism Explosion over the past twenty years has been remarkable but the organizational structure put in place twenty years ago does not serve well the challenges of operating this growing ministry in a global environment. The primary goal of the task force, established in March of 2007, is to update the structure to fit today’s EE ministry and the global environment in which we live and operate. We believe these changes will allow and stimulate new and better growth for EE ministries on every continent. Inherent with these changes is a ‘culture transformation’ for EE’s

relationship with national ministries which we believe is going to release the potential of EE in new and exciting ways.”

Based on all of the research to date, which included survey-based research of the nations, interview research with other international ministry leaders, and consultations with stakeholders both internally and externally, a governance model was developed and discussed with the board in March 2008.

This governance model is summarized in the following figures.

**Figure 4.4: Proposed Corporate Governance Structure**

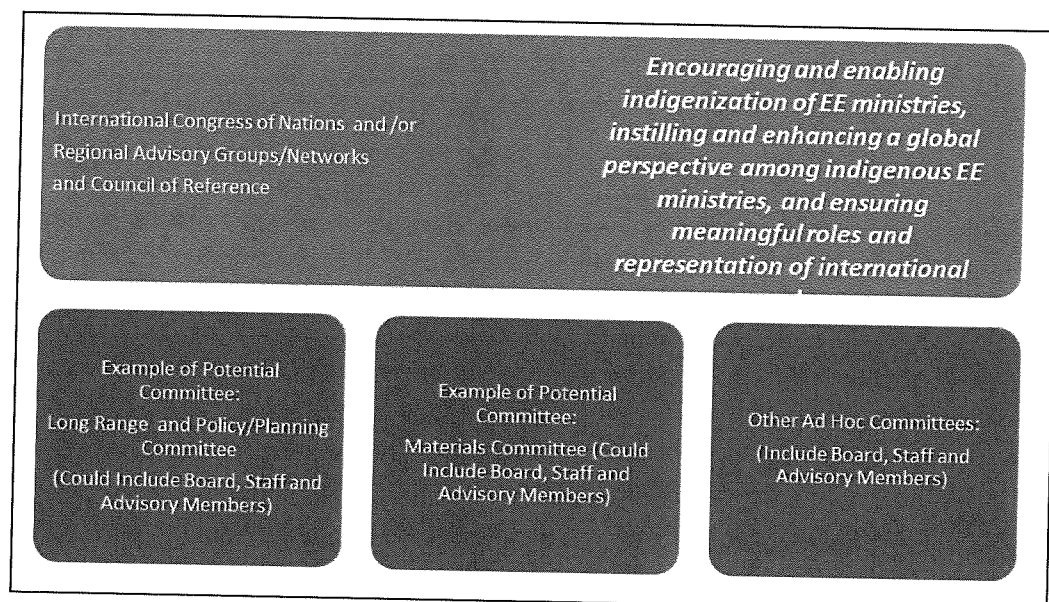


The first figure summarizes the main aspects of the proposed new corporate governance structure for EEI, to provide a more effective means of accountability for EEI in matters of moral conduct, legal operations, financial controls, and reporting of ministry results.

This governance model begins with a smaller, skills-based EEI board including international board members, responsible for corporate governance (strategic direction and oversight) and using two standing committees to undertake oversight, policy, and monitoring work, freeing the board to focus on organization-wide strategy and governance.

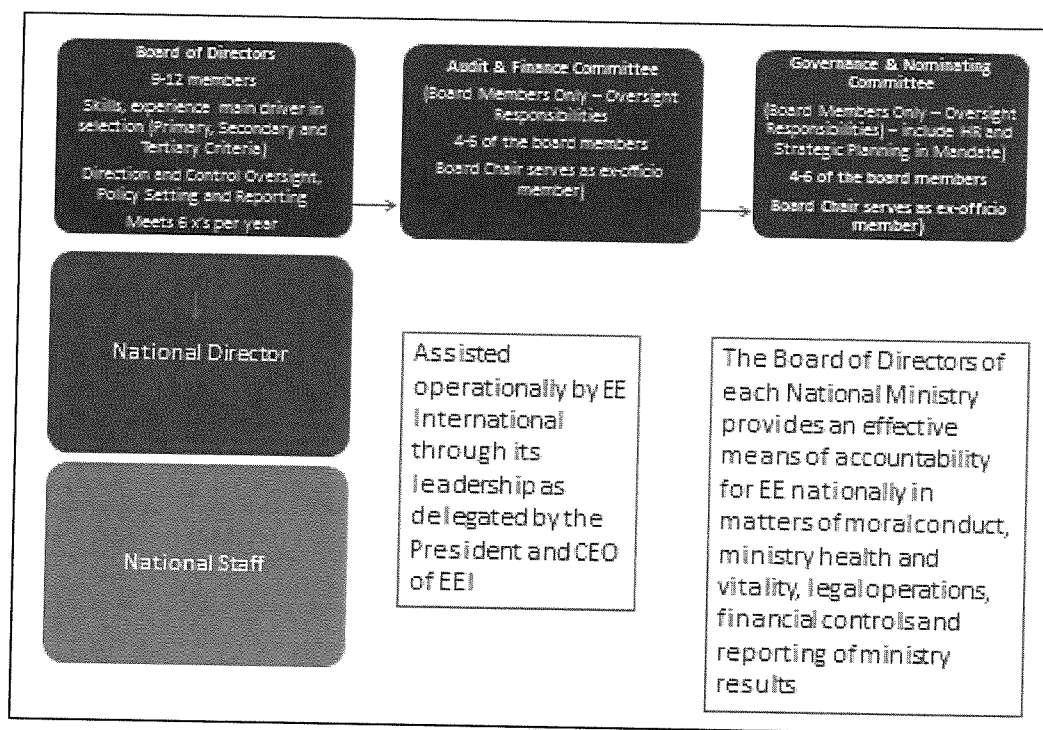
The second figure summarizes key elements of the proposed new *international or global* governance structure, encouraging and enabling indigenization of EE ministries, instilling and enhancing a global perspective among indigenous EE ministries, and ensuring meaningful roles and representation of international members as they interface with EEI.

**Figure 4.5: Proposed International Governance Structure**



The third figure represents the recommended governance structure for each of the national ministries. While it was not mandated that the nations adopt this model, it was and continues to be encouraged.

**Figure 4.6: Recommended Governance Structure for Each of the National Ministries**



## **Agreeing on Criteria to Mature the National Ministries: Multiplying, Growing, and Emerging Nations**



Evangelism Explosion International has been working hard over the past several years to facilitate growth and to mature the ministry into a truly international ministry. This has involved articulating a clear strategic plan, strengthening the National ministries, updating the governance structure of EEI, and introducing a triennial Congress of Nations—all designed to serve and empower the national ministries in their work.

A major—and it turned out paradigm shifting—breakthrough in using governance as a tool for transforming organizational culture came with the grouping of EE nations into three distinct groups based on the degree of maturity and development of their national ministry: multiplying, growing, and emerging nations.

Each of these categorizations was defined along with specific criteria to be used in establishing which category each national ministry fit into.

When the national EE ministries are growing and multiplying, the church will grow and multiply. With this in mind, criteria were developed in order to be able to describe the EE ministry in any given nation as either emerging, growing, or multiplying. Together these criteria outline how a nation can recognize where it is on its journey toward multiplying nation status and a covenant partnership relationship with EEI. And, EEI can recognize where they might best come alongside the national ministries to support and assist their growth.

The twelve criteria (see final column in Table 4.1: Summary Table in the introduction of this chapter) that mark a multiplying nation were first agreed to by the first Congress of Nations held in Kuala Lumpur, Malaysia, in 2010, attended by thirty multiplying nations. These criteria were further reviewed and affirmed at the second Congress of Nations held in October 2014 in Cape Town, South Africa, attended by sixty-three multiplying nations.

This three-way grouping then became the framework which enabled distinct covenant relationships, including agreements clarifying conduct, performance, accountability, and reporting expectations, to be drafted between the national ministry and EEI, and in turn this led to a rethinking of the international governance model, putting the mature nations at the head of the global ministry and its governance.

This then clarified and expanded the overarching role of the Congress of Nations, a gathering of the mature EE national ministries every three years to provide broad direction to the ministry.

The Congress of Nations would then inform continental, regional, and national conferences which would link National ministries and leaders to one another, both geographically and from a mentor-protégé standpoint (mature multiplying nations matched with developing growing nations) and to EE senior staff to enable knowledge transfer and to build capacity and effectiveness in national ministries, encouraging and enabling indigenization around the globe in a phased and iterative fashion.

Once the nations, the board, and senior staff had agreed to the governance model and changes, these had to be documented and a transition plan put into place.

## Assessment and Evaluation

At this stage of the intervention assessments of a number of baseline metrics were conducted. These included:

1. Completing an organizational culture assessment
2. Recording baseline metrics on key performance indicators across the EE ministry to determine organizational health
3. Conducting an audit of the specific indicators of governance and ministry maturity of the national ministries
4. Evaluating the effectiveness of the board and the president and CEO

Assessment and evaluation of project activities and outcomes continued throughout the course of the intervention, and again at the end of the case study. Results of all assessments and evaluations are reported on further in the chapter in the section entitled “Did EEI’s Organizational Culture Transform?”

## Engaging in Dialogue with the Broader Group



The task of continuous engagement of the international board of directors and the senior executive team was a continuous process, with the annual board meeting held on March 6, 2008, being a significant touch point. The Organizational Task Force, in consultation with the author, invested significant time planning for this meeting in order to build deeper agreement on the governing principles and on the new governance model for the international ministry, build consensus on the rollout to the national ministries, and ensure agreement on the vision, mission, values, and guiding principles that would guide the worldwide ministry. At this meeting, the Organizational Task Force delivered a presentation on



- progress to date of the Organizational Task Force
- research findings on the covenant nations baseline audit
- lessons and principles learned from discussions with other major international ministries, and
- the potential governance model for EEI moving forward.

From that presentation, the board discussed a number of significant questions with respect to the future strategic governance model of EEI. These questions were intended to ensure understanding and agreement on the fundamental principles of the ministry and its governance, to review of the vision and mission of EEI, and to discuss the practical implications of the proposed governance model. Those questions were discussed at length in breakout groups and then in plenary. Some examples of questions that were deliberated are

1. What are the non-negotiables of EEI?
2. What are the guiding principles of EEI?
3. What is your vision for EEI over the next twenty years? And,
4. Were the Board to change its governance structure in such a way as to reduce its size and establish international/regional groups, how might national/ regional/ continental councils increase communication and participation?

A competencies and skill matrix was developed for the EEI board. This was one of the most sensitive steps in the organizational transformation because there was significant downsizing of the board and the new governance model called for a skill-based governance board rather than a representative-type stakeholder board.

The success of this transition was dependent on the trust and respect built up in the leaders of the organizational change, in turn driven by confidence both in the people and the anticipated benefits of the new governance model. There was no going back,

and several incumbents, more than half of the serving directors, had to graciously volunteer to step aside to enable the transition to occur smoothly.

By the end of that seminal meeting in 2008, progress had been made on each of these fronts: the governance roadmap was updated, agreed to, and put in place; the substance of the vision, mission, values, and guiding principles were agreed to; and, the Board had voted to adopt key aspects of the new governance model, which included a reduction in its size from about thirty representational members to a skills-based board of twelve. In practice this meant that all but twelve directors voted themselves out of power at this meeting.

### **Create a Comprehensive Strategy and Measurement System**



In many ways, the heart of the organizational transition was the articulation and adoption of a new strategic direction for EEI. The governance model and tools can be thought of as a means toward this end.

The new president and CEO (previously the interim president and COO), building on the discussions at the March board meeting, went on to consult broadly within the organization in finalizing the text of the new vision, mission, and guiding principles statements. This occurred throughout 2008, taking a great deal of patience and consensus building before the final wording was agreed to.

**VISION:** Every nation equipping every people group and every age group to witness to every person

MISSION: To glorify God by equipping believers to multiply in and through local churches worldwide – for friendship, evangelism, discipleship, and healthy growth

The guiding principles were developed for and presented to the inaugural Congress of Nations, held in 2010 in Kuala Lumpur, Malaysia.

The goals, objectives, strategies/actions, and measures were then drafted and presented to a joint session of the EEI board and senior management team in 2010.

Another paradigm-shifting development was the drafting and approval of a performance scorecard for the organization, based on the new strategic plan.

Once the new performance scorecard received full buy-in from the president and leadership team – and it took some time for them to be convinced of both its efficacy and its benefit – it then was refined and communicated throughout the organization. Since then, this scorecard has become the practical tool used by national ministry leaders, regional vice presidents, the EEI President & CEO, the EEI board and its committees, and the Congress of Nations, to articulate clearly the highest priority objectives of EEI broadly. It provides national ministries, their boards, and senior staff line of sight from their daily activities to organization-wide strategic goals and the achievement of the global vision and mission.

Over the course of that same year the proposed governance model was refined and finalized as broad dialogue and consultations concluded.

## Document and Implement Change



Now that a number of agreements had been reached, EEI entered into a “documentation” phase. It was time to document the consensus with refreshed governance documents, such as bylaws, charters, and policies. Completely new bylaws were drafted to reflect and enable the new governance structure and functioning. These were adopted in two successive tranches, at the 2008 and 2009 annual members’ meetings, and were approved as proposed by the EEI board.

A complete governance manual was developed by the author for EEI to reflect and enable the new governance structure. Each major component and step of the governance manual was presented to, thoroughly discussed by the board and its new governance committee (the successor to the Organizational Review Task Force), and then adopted. These included:

- Governance principles that would guide the organization from a high level (mirroring The Garden Principles)
- The constitution and composition, roles and responsibilities of the newly composed board of directors of EEI;
- The roles and responsibilities of the newly constituted president and CEO of EEI, including articulating the “bright line” between board and CEO responsibilities and accountabilities and clearly delegated discretionary authority levels;
- The new standing committees of the board, their mandates, roles and responsibilities;
- The constitution of a new US committee to oversee the US national ministry – it was decided to keep the US ministry within the corporation of EEI (for legal, tax, and fundraising reasons), which involved finding a way to oversee this without violating the principle of the board having one employee, the president and CEO;
- A new covenant agreement between mature (multiplying) nations and EEI outlining clear parameters and expectations of each concerning ethical conduct, financial stewardship, legal constitution, performance activities and outcomes accountability and reporting, materials, intellectual property, etc.

- Broad policies governing conduct, confidentiality, conflicts of interest, communication, etc.

## **Create an Orientation and Governance Education Program for EEI's Board and EEI**

### **Senior Leadership Team**



In order to ensure embedding of the desired governance principles, practices, and culture, an orientation program was created for new and renewing members of the EEI board of directors. The orientation was designed to ensure that directors have a clear understanding of their roles, including

- The legislative and governance framework for EEI including the act, bylaws, policies, board, CEO, and chair roles and responsibilities
- Fiduciary responsibility: loyalty to the organization
- Working for the board: Committees' makeup and expectations for service
- The board's role in strategy, measurement, evaluation, succession, renewal, human resources, quality, risk
- Conduct, confidentiality, and conflict of interest expectations
- Time commitments: preparation, attendance, training, conferences, external and organizational events

The orientation program was designed to provide directors with an orientation to understanding

#### **1. The Organization**

- a. Financial, human and technical resources, capital and facilities
- b. Environmental scan: our ministry, financial considerations, social and demographic factors, etc.
- c. Products and services offered by the ministry
- d. Field and/or site visits/tours

#### **2. The Team**

- a. Hold organized meetings with the
  - i. President and CEO (vision and mission)

- ii. Chief Financial Officer (financial oversight)
- iii. Chief Operating Officer (operational oversight)
- iv. VP HR (HR oversight)
- v. Director of Ministry Advancement (fundraising oversight)
- vi. Facilities Manager (capital asset oversight)
- vii. Others as the need dictates over time

### 3. The Plan

- i. Provide an overview of the strategic plan
- ii. Explain the performance scorecard, targets, and metrics (how the success of the plan is measured and monitored)

### 4. The National Ministries and Other Stakeholders

- a. Review the accountability relationships
- b. Discuss compliance and disclosure issues
- c. Explain reporting requirements and expectations
- d. Outline any communications protocols

### 5. The Board and Its Committees

- a. Review the terms of reference, charter/mandate of the committees
- b. Provide information on committee authority and reporting expectations
- c. Share the current workplan and any available upcoming agendas
- d. Brief on the recent history and future priorities

Beyond the general orientation to EEI, a corporate governance education presentation was created providing context and understanding for the chosen governance model and principles.

## Conduct Orientation and Governance Education for EEI Board and EEI Senior



### Leadership

Corporate governance education was provided to all current board members and the senior leadership team early in the intervention. It is also provided to

new directors as part of their orientation program and onboarding in an ongoing fashion.

With the new EEI board and management team in place, training and orientation sessions were held both initially and annually since, to embed the governance model and tools in the organizational culture. The author participated in every series of board and committee meetings, two congresses, and many senior management sessions, from 2007 through 2014, to both formally and informally engage the participants in the adoption and implementation of the governance changes. This engagement varied from formal governance education to informal reminders of specific changes, where it fit in the overall framework and why it was being made.

### **Orient National Ministries to the New Governance Model**



Now that changes had been adopted at the EEI level, and the EEI board and senior leadership team were fully orientated and trained in the new governance model, the time had come to move beyond the center to the national ministry boards and the national directors. Communications were provided in writing to each of the boards and each national director, through EEI staff, leading up to the 2010 Congress of Nations where ample time and focus had been planned to explain the new governance model to the national ministry leaders.

## **Create and Conduct Corporate and EE-Specific Governance Education Program with National Ministry Boards and National Directors**



It was one thing to train the board of EEI, but if the board of the national ministries did not understand either the EEI governance model or corporate governance generally, it would be impossible to transform or embed a new culture in the ministry. Therefore effort was put into ensuring that the governance model and tools continued to roll out across EE internationally. Beginning with the 2010 Congress of Nations, corporate governance education played a part in the program. In September 2012, national leaders from fifty countries participated in governance training both broadly and in the new EE framework.

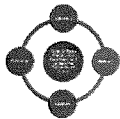
One objective of the rollout of governance training to the national ministry leaders is to further indigenization and capacity building objectives. As each nation implements the tools and embraces the functioning of an intentional governance system, it is expected to be able to reap the benefits already reported both empirically and anecdotally from mature nations. The EEI governance model has now been adapted for and adopted by all multiplying nations in response to a resolution put forward at the 2013 Congress of Nations. To date governance training designed to reinforce the governance principles, model, and desired organizational culture has taken place in

- Fiji, with sixty national leaders from around the world;
- Guatemala, with twenty-five leaders from Central America;
- Dominican Republic, with leaders from the Caribbean;
- Brazil, with leaders from across South America;
- Indonesia, with leaders from across Asia;
- Cuba, with leaders from Cuba;
- Online governance training is soon to be made available.



These were in addition to dozens of smaller formal and informal training sessions held in each of the sixty-three multiplying nations. Given both the adult nature of this learning, and the diverse cultural, experiential, and linguistic background of the participants, the education agenda heavily emphasizes experiential group work, case studies, and takeaway tools, including sample governance charters, policies, and scorecards for each nation to customize and adopt for itself.

### **Hold Congress of Nations and Enter into Covenant Relationships**



The inaugural Congress of Nations was held in Kuala Lumpur, Malaysia, in 2010. This initial gathering of the multiplying nations had participation from every eligible mature nation (thirty) that could arrange travel and documentation.

This was the formal opportunity to consult with the mature nations' leaders on the new governance model, in particular to explain the rationale for the changes.

The mature nations enthusiastically endorsed the governance changes as steps to facilitate the organizational transformation they had long sought, and committed to taking the steps necessary to put these into place.

At the Congress of Nations, the multiplying nations agreed to the new wording of the covenant and entered into this covenant relationship with EEI and with each other.

The gathered nations took things one step further and demonstrated ownership of the transformation by proposing that each multiplying nation "adopt" a growing nation and mentor it in order to double the number of multiplying nations for the next

Congress of Nations, three years hence. This was a strong indicator that the mature nations were buying in to the new governance model and that the organizational culture was already beginning to shift to a decentralized, empowered, indigenized network of autonomous nations.

### **Mid-Course Assessment and Evaluation**

At this stage of the intervention a mid-course assessment was conducted via a post-congress survey to determine whether or not there were any early indications of cultural transformation. Results of this assessment is reported on further in the chapter in the section entitled “Did EEI’s Organizational Culture Transform?”

### **Between Congresses (2010-2013)**



The ensuing years, those between the 2010 and 2013 congresses, were years of ensuring the ministry stayed the course on its journey to transform the organizational culture. At the first congress, participants provided input into the criteria for multiplying, growing, and emerging nations. Staff were given the task to further refine these between congresses, by providing clearer definition for each criteria, and to communicate these with all of the national ministries, including those not present at the congress itself. A member of the senior leadership team was given the task of nation building. This senior vice president’s entire role was and is to assist and support nations in their journey toward maturity – to becoming a multiplying nation. This investment of people and resources has ensured that the dialogue is continual, the structure is refined, clarified, and communicated over time, orientation

and education are ongoing, transformation remains a priority in the ministry, and transformational momentum is maintained.

Post-Congresses the dialogue is continued and deepened through regional and national conferences. Annually the EEI strategic plan and scorecard are reviewed and updated to reflect current realities, new perspectives, and information to adjust plans, make course corrections, and reallocate resources. Also annually, the EEI board and the president & CEO were evaluated as part of the assessment of the intervention. And, prior to the 2013 Congress a comprehensive assessment of the national ministries was conducted against the criteria for multiplying, growing, and emerging nations. It was through this assessment EEI learned that the number of multiplying nations had grown from thirty to sixty-three in just three years. These results too are provided in this chapter's section entitled "Did EEI's Organizational Culture Transform?"

### **The 2013 Congress of Nations**



In 2013, the sixth year of the organizational transformation, a second Congress of Nations in Cape Town, South Africa, was held, as well as further regional and national sessions to train national leaders and to further the transformation. This second tri-annual Congress of Nations had participation from every eligible mature nation that could arrange travel and documentation. Sixty-three qualifying nations, up from the thirty that qualified to attend the inaugural congress in 2010, participated in the congress.

This provided the opportunity formally to train national leaders and board members in governance and leadership consistent with the EE governance model and to continue to reinforce the principles and culture of the organization at the global level.

The mature nations initiated and made the decision at this congress to go beyond their endorsement of the governance changes adopted at EEI, to replicate those changes at the board and leadership level in each of the national ministries around the globe. Each of the sixty-three national ministries further committed to adopting at least one other growing nation in order to assist and enable it to become a mature nation by the 2016 Congress of Nations.

Also at the 2013 congress came resolutions on key issues that not only affirmed support for transformation but also ownership of that change. These were grass-roots resolutions, coming from the nations themselves. Those resolutions were

*On Governance*

*We affirm the absolute necessity of effective governance for healthy growth of the National Ministry;*

*We strongly encourage that the Governance Manual provided by EE International be adopted by all EE National Boards as a model for creating or adapting their own governance manual; and*

*We adopt the Assignment Agreement, Translation Agreement, and the License Agreement as presented, to be added to the core documents of our relationship with EE International and with one another;*

### *On Nation Building*

*We have reviewed the twelve criteria and find them to be adequate at this time.*

*We affirm the need to implement a covenantal process for those nations that require an exception to registering in their nation;*

*We encourage the creation of an international team to articulate a detailed definition for each of the twelve criteria, and to develop a manual, or online toolbox, for assisting the nations needing help within these areas;*

*We encourage the creation of an international team to develop a clearing house of alternative methods of fundraising for the National ministries; and*

*We encourage the 2016 Congress Committee to create a plan enabling nations to help nations attend the 2016 Congress of Nations.*

### **Embedding Culture (Post-2013 Congress)**



Documenting the twelve criteria, communicating their meaning and the expectations with respect to them, and translating them and orienting the national ministries to them has been a significant focus since the 2013 Congress. Orientation and training in corporate governance and the EE governance model has also continued across time and continents to further reinforce transformation.

### **Evaluation and Assessment**

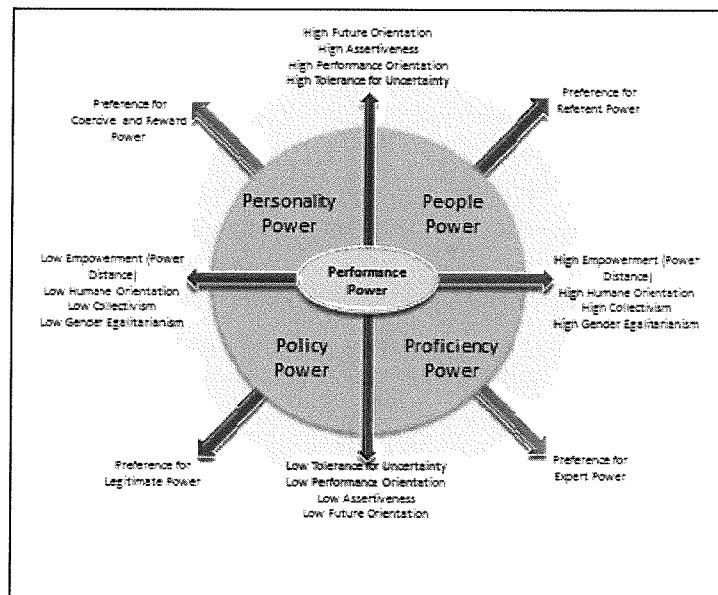
A final round of assessment and evaluation for the purposes of this case study took place in 2014. These assessments mirrored those conducted at the beginning of

the case study in 2007 in order to compare results for the purpose of answering the question, “did EEI’s organizational culture transform” a question which is answered next.

### Did EEI’s Organizational Culture Transform?

In the literature review, eight main dimensions of culture and four core sources of power (power drivers) were identified, and the author developed a diagnostic tool to measure these, as illustrated in Figure 4.7: Dimensions of Culture. (see also appendix 2, The Organizational Culture Analytical Tool).

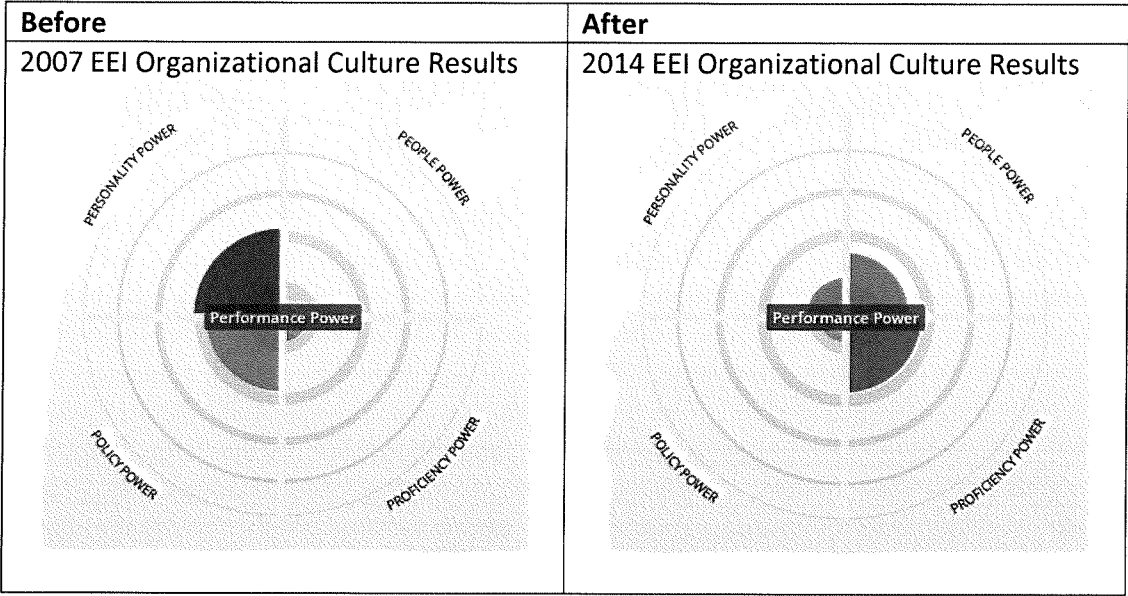
**Figure 4.7: Dimensions of Culture**



This organizational culture tool was used to measure and plot the organizational culture of EEI at both the beginning and the end of the eight-year case study. All forty-nine survey respondents are identical for both survey data sets.

The results (see below) show a marked change in survey respondents’ self-assessment of EEI’s organizational culture over the period of the case study.

**Table 4.3: EEI Organizational Culture Results (Before and After)**



In the case of EEI, over the project period, both the primary and secondary culture types transformed. At the same time, these are balanced by the retention of certain aspects of their original culture types. Like personality types, rarely would an organization exhibit only one culture type. Organizations, like people, have a mix of attributes that make them unique. Most organizations have a primary, dominant culture and an obvious secondary culture as well. And, most also display certain aspects of the

remaining two culture types. In other words, EEI kept those aspects of their culture that remained effective for solving problems together, and they transformed those aspects of their culture that were ineffective at solving problems to new cultural norms and expectations.

#### General Description of Initial Culture (Personality and Policy)

Based on data received from respondents, the primary organizational culture in 2007 was a “Personality” culture. Personality cultures have a strong leader/s, often a founder/s, who set a hierarchical tone, as was the case at EEI in 2007. The benefits of Personality cultures are that they are nimble, making rapid decisions and reaching consensus quickly, even if this is often forced. This forced consensus is a broad indicator of the use of coercive power (which can be both positive and negative in nature). Depending on the nature and skills of the dominant leader, these can provide effective leadership to organizations, in a directive and decisive way. In the case of EEI this served the ministry well in its founding stage and initial years. However, as an organization grows, this can easily leave people feeling unempowered and beholden to the center. This too was the case at EEI.

Generally, personality culture leaders can alienate board members, ministry partners, management, and staff, given their lack of empowerment and authoritarian style. Because of this, these can be difficult organizations to remain a part of.

As one board member recounts, “the first non-Coral Ridge Presbyterian Church board member resigned from the EEI board after several years’ service because ‘it was a



waste of time—all the decisions were made by the executive committee’. The full board met only once a year, ratified the decisions made by the executive committee and heard reports.”

The secondary culture operating in the organization at the beginning of this case study was that of a “Policy” culture. Policy cultures are highly bureaucratic and top-down in the way they approach decision-making—they are driven by rules and policy. Their philosophy is that there is a “right” and “wrong” way to do things, and that the right way is usually historically documented in rules, policies, and tradition. Policy cultures go beyond providing guidelines and policies to having strict processes and practices as well, leaving little room for people to think and act independently. This can be both good and bad, depending on the type of organization or ministry. If the organization is a hospital where patient care is primary, one might want to maintain these types of strict protocols. However, in a global ministry context where customized approaches to a particular national ministry setting needs a degree of innovation, a strict Policy culture will serve to stifle both innovation and growth.

Taken too far, Policy cultures suffer from an over commitment to policies, rules, and tradition—they can “major on the minors” and sometimes miss really critical strategy or risk issues. They can be resistant and slow to change, and undervalue the contributions of outsiders or new team members. Process and policy can overwhelm the organization’s time and keep people from a healthy dialogue and challenge of strategy and the big picture.

The main impact of this secondary culture means that human resource and people issues are rarely, if ever, a significant priority for this organization. Employees—including executives and managers—who need affirmation, encouragement, empowerment, and celebration can become quite unsatisfied with their workplace as a result—even if they wholeheartedly believe in the mission. Decisions tend to be made without considering the consequences on people and without consulting the people who will be affected and those who will have to implement them.

#### General Description of New Culture (Proficiency and People)

Based on data received from respondents, the primary culture at EEI in 2014 was a “Proficiency” culture. Proficiency cultures are driven by best practices and results. They rely on strong process, and they appreciate well-articulated reason, clear performance measures, and expert opinions. These cultures are “can do” and use bureaucracy sparingly. At the board level, they provide clear guidelines to work within, and governing policies for those areas considered to be non-negotiable or mission critical. They leave operational policy and practices to the people running the ministry.

Some of the benefits of Proficiency cultures are that they focus on results and facts. Benchmarks and results are key, and they are systematic in their approach. When these are in place, they are able to be quite nimble and make rapid decisions.

An organization with this underlying culture must take care not to use benchmarks just for benchmarking’s sake. They must work diligently with staff and

others to ensure buy-in on the right metrics; otherwise their benchmarking and performance measurement systems can become quite circular in nature.

The secondary culture operating in the ministry is that of a “People” culture. People cultures are usually quite relaxed and casual, and driven by relational dynamics between members. They behave very much like a family, while other culture types can be highly business-like. Loyalty is a critical driver—if you are accepted as a part of the “family,” then you owe a mutual obligation of loyalty to one another.

People cultures are socially cohesive teams, making decisions by consensus and not through divisive votes. Board members, ministry partners, management, and staff are all involved in, and respected in, decision making.

The main impact of this secondary culture is that innovation can be particularly slow if timely closure is not brought to the consensus-building process. Having said that, EEI has increased its “performance orientation” (the degree to which a community encourages and rewards innovation, high standards, and performance improvement) by 34% over the eight-year period. This is an indicator that EEI may have adopted a cultural solution to this potential problem either through process, leadership, or both.

In this culture type, power is typically wielded through a combination of expert and referent power.

Generally speaking, these are enjoyable organizations to work in due to the importance they place on people and the social side of meeting and solving problems together.

## Transformation of the Dimensions of Culture at EEI<sup>1</sup>

Beyond the broad culture types, there are some specific quantitative indicators of a culture transformation at EEI. The table below visually illustrates the changes in each of the dimensions of culture measured at the beginning and end of the case study period.

**Table 4.4: Change in Power Drivers and Cultural Dimensions over Time**

Cultural Dimension	Definition and Change Over Time
<b>Power Drivers:</b> Personality (Coercive) Policy (Legitimate) People (Referent) Proficiency (Expert)	<ol style="list-style-type: none"> <li>1. Personality Power (Coercive): Using the power of individual force and coercion (positive and negative) to maintain or change culture</li> <li>2. Policy Power (Legitimate): Using the power of bureaucracy, rules, and policy to maintain or change culture</li> <li>3. People Power (Referent): Using the power of the collective to maintain or change culture</li> <li>4. Proficiency Power (Expert): Using the power of facts, results, and logic to maintain or change culture</li> </ol>
<p>The figure displays four horizontal scales, each representing a different power driver. Each scale has a numerical axis from 0 to 100% with increments of 10. A shaded circle marks the initial value, and a shaded arrow indicates the change over time.</p> <ul style="list-style-type: none"> <li><b>Coercive Power:</b> Starts at approximately 15% (Low Coercive Power) and decreases to approximately 5% (High Coercive Power).</li> <li><b>Legitimate Power:</b> Starts at approximately 35% (Low Legitimate Power) and decreases to approximately 25% (High Legitimate Power).</li> <li><b>Referent Power:</b> Starts at approximately 15% (Low Referent Power) and increases to approximately 35% (High Referent Power).</li> <li><b>Expert Power:</b> Starts at approximately 15% (Low Expert Power) and increases to approximately 45% (High Expert Power).</li> </ul>	
<b>1. Power Distance</b>	The degree to which members of an organization or society expect and agree that power should be shared equally

<sup>1</sup> See Chapter 2: Literature Review for discussion of cultural dimensions definitions and see Robert J. House, Paul J. Hanges, Mansour Javidan, Peter W. Dorfman, and Vipin Gupta, *Culture, Leadership, and Organizations: The Globe Study of 62 Societies* (Thousand Oaks, CA: Sage Publications, 2007).

<p>0 10 20 30 40 50 60 70 80 90 100%</p> <p>Low Power Distance High Power Distance</p>	
<b>2. Collectivism</b>	The extent to which individuals act on their own behalf versus in the interests of the group
<p>0 10 20 30 40 50 60 70 80 90 100%</p> <p>Low Collectivism High Collectivism</p>	
<b>3. Gender Egalitarianism</b>	The extent to which different roles for women and men are prescribed and proscribed
This metric was not included in the organizational culture survey.	
<b>4. Assertiveness</b>	The extent to which people are or should be encouraged to be assertive, aggressive, and tough or non-assertive, nonaggressive, and tender in social relationships
<p>0 10 20 30 40 50 60 70 80 90 100%</p> <p>Low Assertiveness High Assertiveness</p>	
<b>5. Humane Orientation</b>	The degree to which an organization or society encourages and rewards individuals for being fair, altruistic, friendly, generous, caring, and kind to others
<p>0 10 20 30 40 50 60 70 80 90 100%</p> <p>Low Humane Orientation High Humane Orientation</p>	
<b>6. Performance Orientation</b>	The extent to which a community encourages and rewards innovation, high standards, and performance improvement
<p>0 10 20 30 40 50 60 70 80 90 100%</p> <p>Low Performance Orientation High Performance Orientation</p>	
<b>7. Uncertainty Avoidance</b>	The extent to which ambiguous situations are threatening to individuals, to which rules and order are preferred, and to which uncertainty is tolerated in a society
<p>0 10 20 30 40 50 60 70 80 90 100%</p> <p>Low Risk Tolerance (Uncertainty Avoidance) High Risk Tolerance (Uncertainty Avoidance)</p>	
<b>8. Future Orientation</b>	The degree to which a collectivity encourages and rewards future oriented behavior such as planning and delaying gratification
<p>0 10 20 30 40 50 60 70 80 90 100%</p> <p>Low Future Orientation High Future Orientation</p>	

As illustrated, each of the dimensions of culture measured show movement over the case study period toward the culture that EEI predetermined it would like to be.

There has been a significant shift in how power is exerted in the ministry. The power drivers at EEI have moved dramatically from coercive and legitimate (the use of coercive force and bureaucratic rules) toward referent and expert (the use of relationships, and reliance on fact-based decision making and expert opinion) drivers. The use of coercion decreased 23%, reliance on bureaucracy decreased by 20%, while relational (referent) and expert power uses increased by 15% and 28% respectively. This does not mean that the leadership of EEI does not use coercion techniques (rewards and punishments) or that there are no rules in place in the ministry. It means that it does not rely on these as their primary mechanisms for solving their problem. Rather, the approach is to build relationships, set expectations based on anticipated results, then support that approach with lesser degrees of coercion and bureaucratic power.

Further, EEI's power distance (the degree to which members of an organization expect and agree that power should be shared equally) has increased by 53%. This is a strong indicator that people are not only being empowered by EEI leadership but also that they "feel" empowered.

As previously outlined, the nature of the problem at EEI was that it was a founder-led, centralized ministry. While this is an appropriate model when an organization is in its early stage, over time it may not be sustainable, particularly with the loss of the founder(s). EEI sought to become a ministry that is decentralized, with the true ownership and stewardship of active ministry at a national and even local level.

The move in power drivers and distance experienced at EEI over the course of this case study are the key indicators supporting the thesis that they have successfully achieved this desired cultural transformation.

There are other indicators.

The cultural dimension of collectivism (the extent to which individuals act on their own behalf versus the interests of the group) has increased by 33%. This means that people working in the ministry are putting the broader needs of it and its mission above their own personal needs—they are considering the “collective” to a much higher degree.

The assertiveness dimension (the extent to which people are or should be encouraged to be assertive, aggressive, and tough versus non-assertive, nonaggressive, and tender in social relationships) increased a remarkable 69%. This is an indication that people working in the ministry have a sense of ownership and that they feel as though they now have a voice and can freely express their ideas and concerns.

Humane orientation (the degree to which an organization or society encourages and rewards individuals for being fair, altruistic, friendly, generous, caring, and kind to others) increased by 59% indicating a more caring ministry and a pleasant working environment. Other indicators supporting this are the growth in staff over the period (from less than 100 to almost 2000) with a solid rate of retention, implementation of a comprehensive performance management system, the introduction of an advanced theological studies program for employees, and a ministry-wide mentorship program.

Additionally, all of these individuals must raise their own support. Indicators show the percentage of staff fully supported is high and strengthening.

There is an 18% higher tolerance for risk (uncertainty avoidance dimension) indicating that the ministry tolerates fewer rules and allows for a higher level of risk taking. People feel freer to innovate and take more risks than they may have in the past.

The future orientation dimension (the degree to which a collectivity encourages and rewards future-oriented behavior such as planning and delaying gratification) increased by 22%. Strategic planning, setting targets, and measuring performance have become central parts of ministry life at EEI and in the national ministries. At the beginning of the case study a large part of board and other meetings focused on stories from the field—stories of past efforts. There were few articulated strategies and plans, targets, or benchmarks in place. At the end of the period EEI and the sixty-three multiplying nations have a shared vision, mission, values and strategy. They have specific goals and objectives and they set quantifiable targets which they gladly report against. Board and other meetings include some stories to highlights past successes; however, these are now told through the lens of future oriented behaviors and plans.

The survey instrument did not include the gender egalitarianism dimension (the extent to which different roles for women and men are prescribed and proscribed) in the organizational culture survey. However, there are at least three observations that can be made with respect to changing gender egalitarianism in EEI's cultural norms.

Those are

1. All governance documentation was revised at the onset of the project to be gender inclusive (e.g., "he" was replaced with "he/she," etc.)



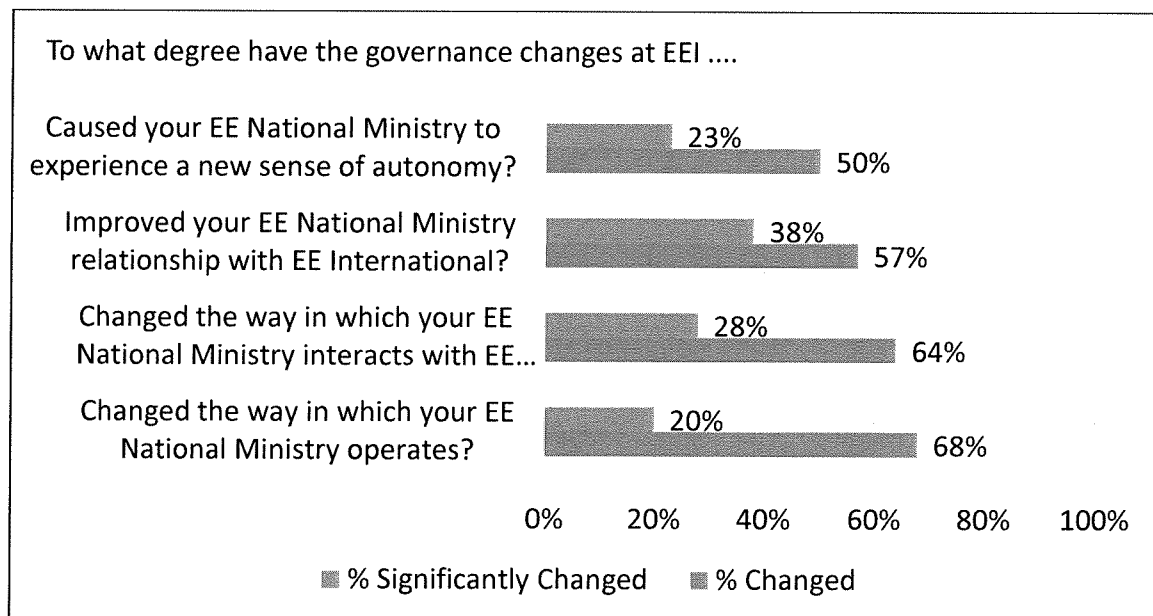
2. The board of directors intentionally seeks gender diversity as a criteria
3. During the case study period EEI appointed its first female vice president

There are further evidences, both qualitative and quantitative, of cultural transformation at EEI.

### Qualitative Research Results

Midway through the case study research, in 2010, there were early indicators of cultural transformation following the first Congress of Nations. A post-congress survey was circulated to leaders from the thirty participating multiplying nations. There was a 90% response rate (twenty-seven of thirty nations) to four questions related to the governance changes that had been implemented. Below are those results.

**Chart 1: Early Indicators of Cultural Transformation**



The feedback on the governance changes and their effects was tremendous, given that this was barely three years into the intervention, and that governance changes can be expected to take many years to take hold and to then begin to transform organizational culture. Not only were the results of the quantitative research encouraging – for example, 88% of participating nations said that they had experienced positive (four or five out of a possible five) and noticeable changes as a result of the new EEI governance model, the qualitative findings were even more striking. The most commonly reported changes were to autonomy, independence, self-sustainability, and adopting other nations, all of which are core to the cultural transformation being sought at EEI through this project. Here is a sampling of some of the unprompted comments.

- “The z nation board has become more autonomous, taking fuller responsibility for the development and leadership of the ministry without as much referral to international staff, e.g., in training and materials.”
- “I am freer to make decisions about the direction of the national ministry, with board approval, e.g., print out own materials, appoint ethnic ministry leaders.”
- “I would say that the changes have given us the liberty to take more decisions freely.”
- “We have more freedom on helping/adopting other nations to improve EE ministry.”
- “We are now free to help another country to become a multiplying nation.”
- “We have aligned our strategic planning with the international ministry.”
- “Have moved more into unreached people groups and cultures.”
- “I think we now see EE y nation’s contributions to the international EE community as meaningful and more formalized. We can adopt a nation and specifically assist as a partner nation.”
- “We are encouraged that we know EEI trusted us to run the national ministry on their behalf.”

Perhaps the most striking comment was this last excerpt—this can be taken as a strong indicator that these governance changes are indeed impacting organizational culture and facilitating positive organizational transformation.

Other qualitative indicators of cultural transformation mid-project were expressed to the board of EEI at the August 2012 board meeting, where the CEO reported:

*“Our foundation partners have reported to us that EEI has gone from the worst to the best in reporting results—they are able to get significant feedback from the field on results.”*

*“EEI has had more positive movement in National ministry growth in 3 years than the last 50 years—EEI went from 30 Multiplying nations to 63 because we didn’t do it—the nations did it!”*

*“When this journey began we thought that the Nations would never report to us on their progress and results. But, now we have Nations that don’t even need to report, reporting results to us online.”*

*“We have moved from an organization where everyone was scattered and wanting to do their own thing—to a worldwide team working together for EEI and the gospel.”*

#### Governance Principles Results

A principle-based governance model was implemented in the ministry. Governance improvements, as evidenced through annual board evaluations, show

marked improvement in the application of those principles over time. At the beginning of the project core governance capacities ranked at either “satisfactory” or “less than satisfactory.” By the end of the project those rankings improved significantly and now rank at either “little improvement needed” or “outstanding.” (See Table 4.5: Results by Governance Principle.)

Beginning in 2009 annual evaluations were conducted for both the newly appointed president & CEO and the board of directors of EEI, with a focus on board governing principles, functioning, and culture. For confidentiality purposes results of the CEO evaluations are not included in this thesis. And, though specific results for the board evaluations are also confidential, some aggregate indicators can be shared. The results that can be shared for the board of directors have been included. The table below shows the percentage (%) change in the core indicators of board effectiveness and oversight.

**Table 4.5: Results by Governance Principle**

	<b>From (2007)</b>	<b>To (2014)</b>	<b>% Improvement</b>
Stewardship	Satisfactory	Outstanding	34%
Leadership	Less than Satisfactory	Little Improvement Needed	59%
Authority	Satisfactory	Outstanding	16%
Accountability	Satisfactory	Outstanding	34%
Accomplishment	Less than Satisfactory	Outstanding	52%
Measurement	Less than Satisfactory	Little Improvement Needed	91%
Communications	Satisfactory	Little Improvement Needed	41%
Integrity	Satisfactory	Outstanding	23%

Continuous Learning	Satisfactory	Little Improvement Needed	19%
Growth	Satisfactory	Outstanding	20%
Justice	Satisfactory	Outstanding	32%
Service	Satisfactory	Outstanding	26%

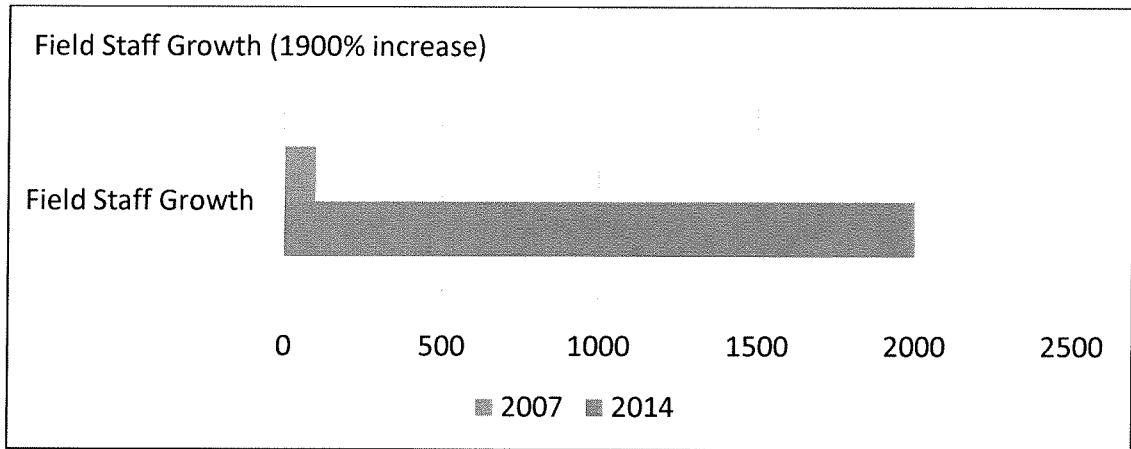
These results are stunning. As Dr. David Self, the current chair of the board of EEI said, *“The EEI Board itself is functional, engaged, and focused. I have witnessed true transformation of Board members who previously only listened passively to reports and are now actively serving on committees which produce sound decisions. The entire process has brought clarity to our vision and efficiency to our processes. To God be the Glory!”*

#### Organizational Performance Results

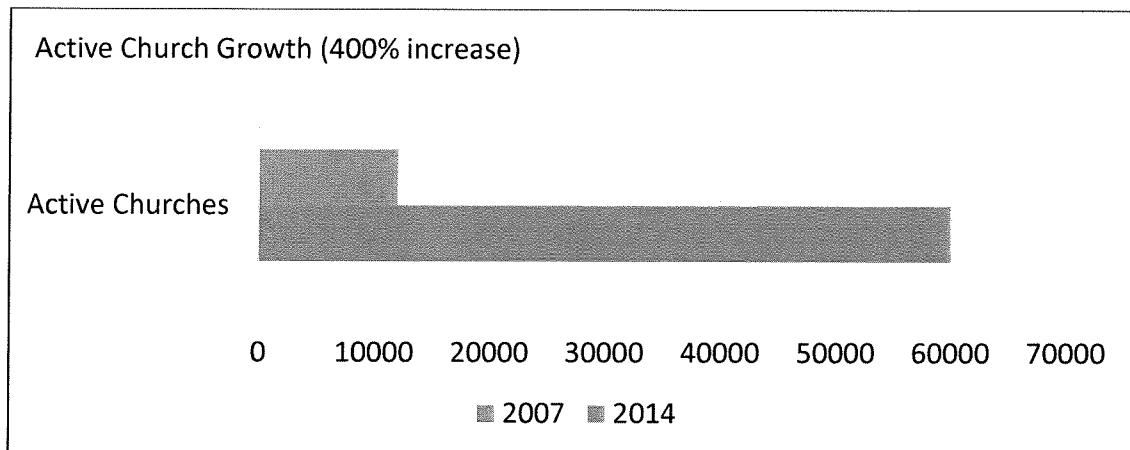
Though difficult to prove causality between the governance reforms and organizational performance results, the ministry itself has experienced unprecedented growth worldwide over the course of the thesis project. All key performance indicators tracked by the ministry show significant increases over the period of the project.

As Dr. Sorensen reports, “These reforms have provided the way for extreme growth (in both speed and breadth). We have moved from less than 100 staff to nearly 2,000 staff members worldwide. Our client base (the churches using the ministry) has grown from 12,000 to nearly 60,000 active churches. Leadership training clinics (our core activity) have grown from around 1,000 per year in 2008 to nearly 2,500 in 2014. Our annual budget has grown from \$1.3 million in 1997, to over \$10 million today.” Lives have been forever changed (see charts 2 to 8).

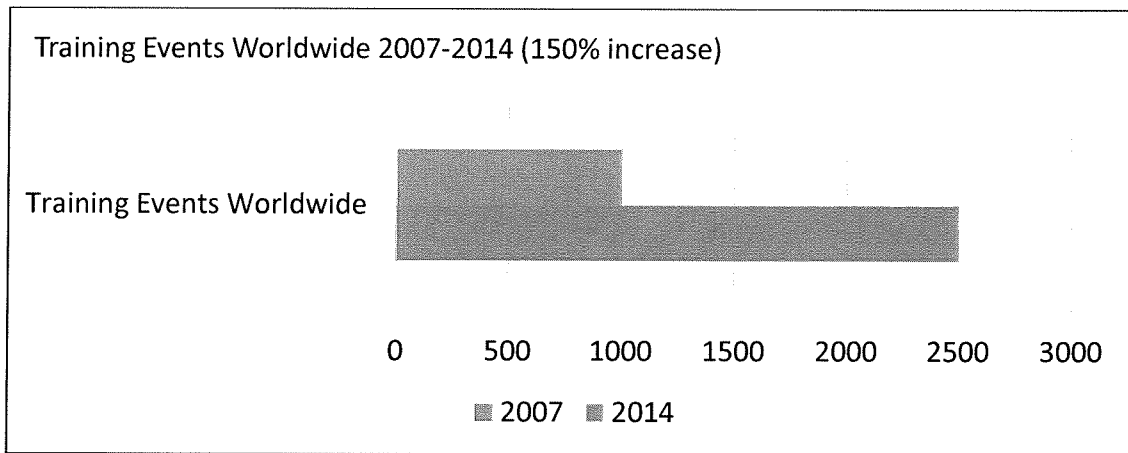
**Chart 2: Field Staff Growth**



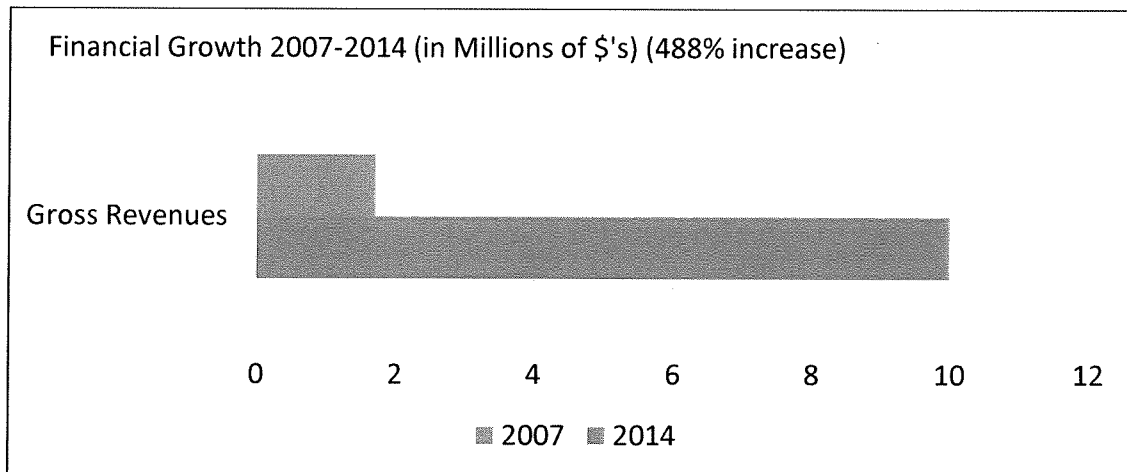
**Chart 3: Active Church Growth**



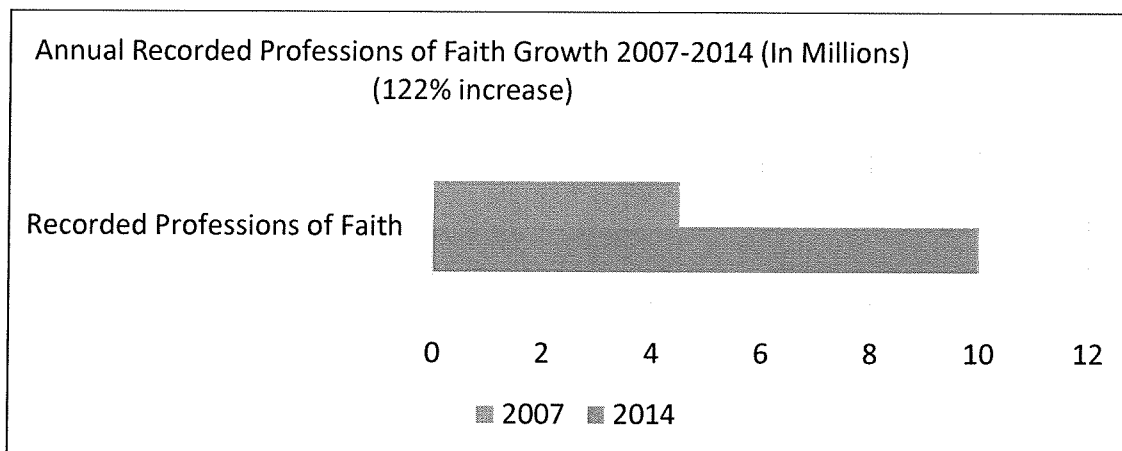
**Chart 4: Training Events Growth**



**Chart 5: Financial Growth**



**Chart 6: Annual Recorded Professions of Faith Growth**

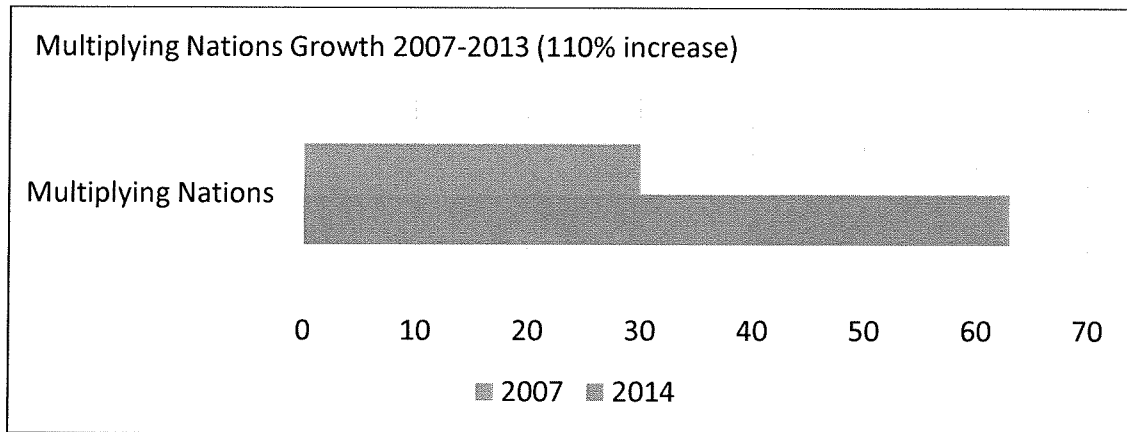


#### National Ministry Results

At the beginning of this project the ministry of Evangelism Explosion was being conducted broadly around the globe. However, the roots of the ministry were not deep. Today, the ministry has much deeper roots, and those roots are consistently deepening. In its first forty-five years of ministry it had grown to having mature and multiplying ministry in thirty nations. Since 2007 the ministry has deepened from those original thirty nations to sixty-three by the time of the 2013 Congress of Nations—a 110% growth rate (see chart 7).

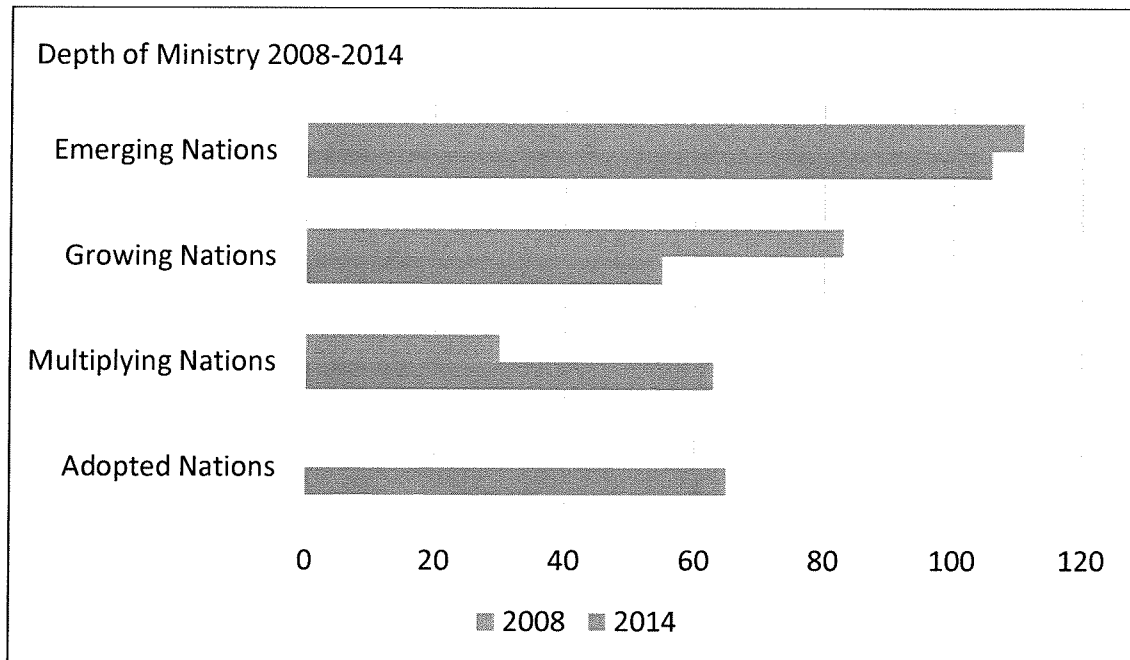


**Chart 7: National Ministry Growth**



In 2007, an assessment was conducted based on a series of criteria that were designed as indicators of ministry depth. Those indicators were aligned with The Garden Principles and the cultural expectations of the ministry. As outlined earlier, once a national EE ministry reaches multiplying nation status, that ministry is highly engaged, self-supporting, and operating deeply and successfully in that particular nation. Too, it will have adopted another nation, one that is currently considered a “growing nation” based on its own set of criteria. The result of this has been that when growing nations are “adopted” by a multiplying nation, the support and assistance they receive builds them into multiplying nations over a period of approximately three years. This has meant that emerging nations are becoming growing nations, which in turn are becoming multiplying nations. One would therefore expect to see fewer emerging and growing nations, and more multiplying nations over time. The number of adopted nations will continue to growth over the next four years, after which it is expected these will drop as all nations reach multiplying nation status (see chart 8).

**Chart 8: Depth of Ministry Growth**



The significance of these results is articulated and developed clearly in the qualitative findings from the final interview research with EEI leadership conducted in August 2015. Representative excerpts are shown in table 4.6.

**Table 4.6: Qualitative Findings from Interviews with Leaders**

Expectations for Culture Change <sup>2</sup>	Qualitative Interview Findings: Representative Quotes	Comments
<b>Stewardship</b> Fully engaged board of directors fulfilling their roles and responsibilities without overstepping	"We now have a board whose members not only know what their responsibilities are but they are also fully aware of when they must be achieved or completed."	The board of EEI understands the stewardship they have been given. Their efforts show

<sup>2</sup> See Summary Table at the beginning of this chapter.

the board/ management line	“When I look back at my earlier days as a director serving on the EEI board and compare my experience of how the organization has changed for the better since the new Governance changes have taken effect, it is nothing less than remarkable.”	remarkable benefit to the organization.
<b>Leadership</b> A board of directors that fully understands the ministry in all of its aspects, providing strategic leadership of all of its resources  A board of directors that brings skills, knowledge, and wisdom to the oversight and leadership of the ministry	“Under the guidance of Brown Governance, the board’s transition committee identified weaknesses, set goals for a new principle-based structure, and shifted the board from a representative model to a much smaller, skills-based, working board.”  “The governance reforms have strengthened the effectiveness of EEI by drawing from each board member’s professional business or ministerial skills.”	The board collectively and its members individually bring their skills and experience to bear in service to EEI as they provide leadership and guidance to the organization.
<b>Authority</b> National indigenous ministries that are owned and empowered by the nations  The CEO knows exactly what is expected in terms of performance, accountability for resources, and results  The CEO is empowered to succeed  The CEO empowers others (staff and volunteers)	“National development has been our focus, moving to a governance model that is more empowering to the national ministries within a covenantal relationship with EEI and each other. This has resulted in maturing national ministries worldwide.”  “Overall clarity of process has been significant. For example, in previous days it was sometimes unclear who would have responsibility for what actions, whether policy was being discussed or process, which often caused confusion in the carrying out of work by staff.”  “The functioning of the board itself has changed significantly. The effective operation of the board sub-committees with clear roles and	Under the leadership of the CEO, EEI and its staff empower the national ministries – they work together in a formal covenant relationship. The nations have been given full authority for running their own ministries. The board and the staff are clear on what they have authority over—what they are responsible for.

	<p>purpose has enabled a much more efficient and thorough involvement with the board in the matters which require their attention.”</p> <p>“Instead of simply taking directions from regional VPs, national ministries are now assuming responsibility for both deepening the ministry inside their borders and broadening the ministry to surrounding nations. Member nations also feel they have a “place at the table” of decision making rather than being recipients of the decisions of others. I’ve witnessed more regional cooperation among nations who have agreed to covenantal relationships with each other as well with EEI.”</p>	
<p><b>Accountability</b> National indigenous ministries that are accountable to EEI and each other, providing regular reporting against covenantal agreements and results</p> <p>The CEO is held accountable for results</p> <p>The CEO holds staff and volunteers accountable for results</p>	<p>“The governance model provides a standard which brings commonality to the worldwide national ministries.”</p> <p>“Nations (national ministries) are now being matured to effectively develop and support local churches in equipping their believers for friendship, evangelism, discipleship, and healthy growth.”</p> <p>“As a result of the changes we have a happier, more relaxed board. There are still problems, but we know what they are and we are aware of the progress in solving them. In addition, should a crisis come up the board can take the time to act on it because their work is done as a result of the quarterly work schedule which keeps them aware of what to do and when to do it.”</p> <p>“In order to prevent continuation of a top-down model of international</p>	<p>Standards are now in place to which the CEO (for the EEI organization) and the national ministries are holding themselves accountable to them.</p>

	<p>governance, the new board created covenants with national EE boards which set expectations both nation to nation and nation to EEI board. Standards were established for participation in the Congress of Nations, and for a path to maturity for each national ministry and the international ministry as a whole.”</p> <p>“Adding the Congress of Nations and regional and national conferences has moved the worldwide ministry from a top-down leadership model to one that is more a bottom-up. National leaders now believe that their ideas and methods, both proven and considered possible, will be taken seriously. As time progresses and leaders' ideas/methods are implemented, more interest and involvement escalates, resulting in even greater ownership by all.”</p>	
<p><b>Accomplishment</b> Deep and consistent ministry accomplishments would be expected and experienced in every nation</p> <p>A ministry that remains focused on accomplishing very specific results</p> <p>A ministry that enjoys financial health at home and abroad</p>	<p>“I do believe that the governance changes at EEI have concretized strategies which resulted in a new level of reality in pursuing and achieving the EE vision and EE mission.”</p> <p>“EEI’s strategy of indigenization brings a new vitality in nations and local churches as they experience the excitement of ownership, whilst remaining part of, and making practical input – through the Congress of Nations – into the international partnership of EE nations. And that excitement spills over into keen multiplication of churches and nations ...realizing the EE vision and mission.”</p>	<p>Real accomplishment is occurring across the ministry – accomplishment that is strategically aligned to the vision and mission of the ministry.</p>
<p><b>Measurement</b> A ministry that was not simply producing</p>	<p>“While the future is still to be written, the values of the organization are</p>	<p>There are measureable results being reported on at</p>

<p>a lot of activity, but rather it was producing measureable results – it was accomplishing its vision, mission, goals, and objectives</p> <p>A ministry with clear alignment between the strategic plan and the efforts of EEI, staff, and national ministries globally evidenced through agreed-upon metrics</p>	<p>emerging and strength is rising from all parts of the globe.”</p> <p>“The streamlining of the board to a smaller, focused unit to oversee the fundamental core functions that set the broad guidelines that keeps the International organization on track has produced excellent outcomes.”</p> <p>“The results have been nothing short of amazing.”</p>	<p>the international, national, and local levels against clear targets and key performance metrics. As one interviewee said, “The results have been nothing short of amazing.”</p>
<p><b>Communication</b> A ministry that proactively, transparently, and consistently reports results to donors, foundations, and other stakeholders</p> <p>A ministry that is responsive to the needs of national ministries</p> <p>A ministry that provides mechanisms to listen to the both positive and negatives messages of its employees, donors, the national ministries, and other stakeholders</p>	<p>“Since the spring of 2008, Evangelism Explosion International has experienced broad sweeping governance reforms. We have moved from a large representative board to a more skills-based board for the international ministry. We have added the Congress of Nations, plus regional and national conferences, in order to hear the voices of the nations (rather than a couple of token representatives on the original larger board).”</p>	<p>EEI has improved in its capacity to listen to the voices of the national leaders – no longer is there just token representation – the ministry listens to the needs of the nations and the nations proactively report to the ministry on their results, issues, concerns, and hopes.</p>
<p><b>Integrity</b> A ministry that is above reproach in all matters including in its use of funds – both</p>	<p>“A significant change I observed as a result of great governance is the fact that there are no longer issues, occurrences, bad news, or bad data that prior to the governance changes</p>	<p>The ministry is more transparent – including in its financial and governance</p>

designated and non-designated	was known and ignored or simply not discussed by some and not known by others. We now embrace both good and bad news and work together to take advantage of it. We have a team commitment to solving problems.”	disclosures. Integrity and “wholeness” is desired, expected, and embraced.
<b>Continuous Learning</b> A ministry that is committed to continuous learning  A ministry that is proactive in orientation, education, and ongoing training based on the needs of both the individual and the ministry itself	“The governance reforms have led to a more holistic understanding of each national ministry.”	The ministry is committed to continuous learning and growth. Understanding has been and continues to be built.
<b>Growth</b> A ministry that is committed to growth  A ministry comprised of individuals who expect and work toward growth personally and corporately	<p>“The empowerment of the nations, granting them a voice and a platform for engagement and the benchmarking of methodologies amongst numerous other benefits has produced a sense of belonging and has enabled strengthening and growth of these nations.”</p> <p>“The concept of self-assured and successful nations who have reached multiplying status, reaching out and assisting growing nations to mature has been a great success story that has incubated and fueled growth in the organization.”</p> <p>“The identification and development of new leaders has accelerated growth possibilities with positive outcomes all round.”</p>	In addition to the quantitative indicators of ministry growth, these representative comments confirm growth at the global, national, local, and individual levels of the organization.
<b>Justice</b> A ministry that recognizes the importance of each	“Critical to EEI’s effectiveness – under the strategy of “assisting rather than enlisting” – nations now experience that their national EE ministries are	National ministries are treated justly and equitably. No longer are they told

team member and understands the vital role each one plays	<p>theirs whilst being served (not ruled) by EEI staff, and local churches now experience that their local EE ministries are theirs whilst being served (not ruled) by the national EE leadership.”</p> <p>“As a staff member it has provided a very clear understanding of how the work of staff and the work of the board work together in harmony.”</p>	what they must do – the rules they must follow – rather, they are being recognized for the value they bring to the ministry – there is no ministry without them.
<p><b>Service</b> A ministry that is committed to creating and maintaining a culture that always points its team members to the gospel of Jesus Christ.</p> <p>A ministry where team members encourage and promote: prayer; dependence on the power of the Holy Spirit; love for Jesus’ church, Jesus, and His commands, and for the lost; commitment to modeling; an open-handed nature; biblical strategy; and spiritual multiplication; accomplished according to godly principles, and performance excellence.</p>	<p>“Our continental leadership now spend their days providing help and support to the national ministries rather than being directive and hands on.”</p> <p>“The covenantal relationship brings an attitude of friend, ally, or colleague.”</p> <p>“The new governance model has provided tools that enable the VPs role to be more of helping and supportive, and focused on providing tools for the national ministries.”</p>	This may be the cultural norm that has seen the most transformation in the ministry. With the EEI leadership moving their focus to serving the national leaders from directing them, has come a true sense of empowerment and at the national, local, and team levels.
<p><b>Service</b> A ministry that is committed to creating and maintaining a</p>	<p>“Our continental leadership now spend their days providing help and support to the national ministries</p>	This may be the cultural norm that has seen the most transformation in



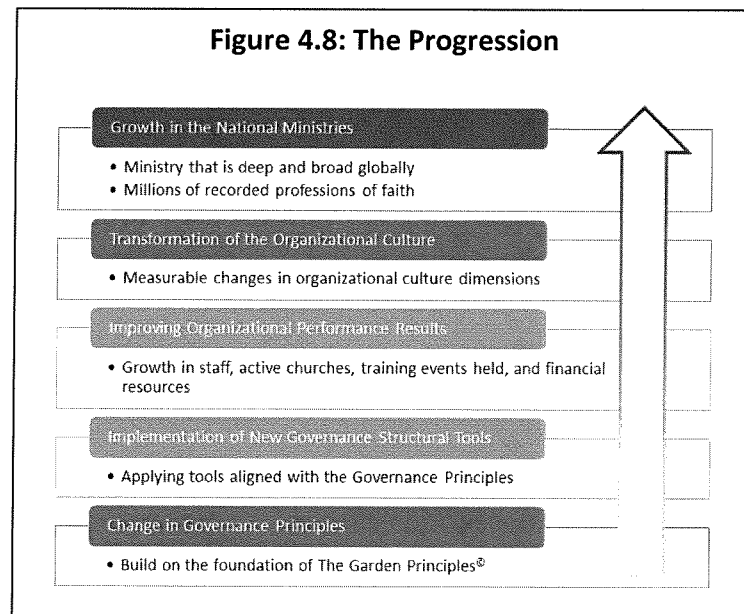
<p>culture that always points its team members to the gospel of Jesus Christ.</p> <p>A ministry where team members encourage and promote prayer; dependence on the power of the Holy Spirit; love for Jesus' church, Jesus, and His commands, and for the lost; commitment to modeling; an open-handed nature; biblical strategy; and spiritual multiplication; accomplished according to godly principles, and performance excellence.</p>	<p>rather than being directive and hands on."</p> <p>"The covenantal relationship brings an attitude of friend, ally, or colleague."</p> <p>"The new governance model has provided tools that enable the VPs role to be more of helping and supportive, and focused on providing tools for the national ministries."</p>	<p>the ministry. With the EEI leadership moving their focus to serving the national leaders from directing them, has come a true sense of empowerment and at the national, local, and team levels.</p>
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### Case Study Conclusions

A series of conclusions may be drawn from this case with respect to using governance as a tool for transforming organizational culture. For example, there are broad learnings with respect to the effect of leadership in such an intervention, the importance of alignment of purpose and effort, and the significance of shared experience. These will be covered in depth in the concluding chapter of this thesis.

The overarching conclusion of this case study is that governance can be used as a tool for transforming organizational culture. This was demonstrated empirically in this instance. This conclusion has been supported using valid, robust, and substantial research—both quantitative and qualitative in nature.

The progression of the intervention began by building agreement on the governing principles on which all else would follow. Those governing principles were rooted in the foundation of The Garden Principles. A process for



cultural transformation was planned and implemented and a new governance structure followed as the governing principles were applied to the ministry. Organizational performance followed with documented growth in staff, active churches being served by the ministry, and improved financial health. Other signs of cultural transformation appeared and were confirmed by measuring changes in organizational culture dimensions. Last, improved relationships and growth in the national ministries and recorded professions of faith have been good indicators of deep and broad ministry globally. (See figure 4.8).

By the spring of 2008, after the passing of Dr. Kennedy, the board of directors for Evangelism Explosion International effectively voted themselves out of existence in favor of a grand vision in which every nation that had reached multiplying status would have a genuine seat at the table, armed with a full voice, equal to the USA ministry, and able to work together to build the future of the organization.

In the beginning, one international leader of another organization said, “It’s impossible. A ministry cannot change at this age.” Another said, “Even if it could, it would create such a disturbance that it would likely not survive.” Another said, “The board will never vote themselves out of power.” But in March of 2008, the impossible happened.

Some suggested that EE transitioning from being a largely western-led ministry would have trouble truly engaging and including eastern voices. While there is no doubt that it has been challenging to stop, listen, and learn, it is happening.

As Sorensen declared, “More structure has been needed, and all along the way Brown Governance has been there developing tools for EEI’s formation, growth, and cultural transformation: a governance manual, job descriptions for board and leadership, policies, and a language to plan and dream of a future together.”

EEI has now held two congresses, the first in 2010 in Kuala Lumpur, Malaysia, and the second in 2013 in Cape Town, South Africa. The original thirty nations participated in the congress (a number that had not changed in more than twenty years). The second congress was attended by sixty-three nations, thirty-three which had

grown through this sea change in the ministry. EEI is hopeful that they will pass one hundred nations at their third Congress of Nations, to be held in 2016 in East Asia.

While the future is still to be written, the values of the organization are emerging through these varied voices, and strength is rising from all parts of the globe.

A sad postscript to this case study is the passing in 2012 of Dr. Sterling Huston, EEI's board chair and the driving force behind the organizational review and bringing the author on board in 2007. His vision in seeing over the horizon and recognizing that a major organizational transformation was imperative for EEI and his passion and wisdom in guiding the ministry through these changes will stand as a lasting legacy – the capacity of the new organizational culture to self-sustain is a testimony to Dr. Huston.

## **CHAPTER FIVE**

### **CONCLUSIONS**

This final chapter includes the various conclusions of the research as well as its implications, first for other Christian organizations, then more broadly for other organizations and other applications of the model in organizational settings.

#### **The General Conclusions**

The following are the general conclusions of the thesis that governance can be used as a tool for transforming organizational culture:

1. The Bible provides a series of principles from which specific corporate governance principles can be articulated and applied in any organization.
2. Those principles are transformative in nature.
3. The transformative nature of those principles can bring changes at the deepest level of culture – values, beliefs, and norms – and in fact can be used as a mirror for a desired culture.
4. Corporate governance tools can be built based on those governance principles.
5. Those tools can be used in the process of bringing transformation to organizational culture.
6. Aspects of culture can be measured, and even though the measures may not be perfect, they will provide a sufficient proxy for understanding the current culture of an organization.
7. Effective and sustained leadership is integral to using governance as a tool for transforming organizational culture in a positive way.
8. Alignment of cultural desires, purpose, systems, people, mechanisms and metrics provides necessary line of sight and buy-in.
9. Shared experience is a significant and needful enabler for using governance as a tool for transforming organizational culture.
10. People will rise to the expectations placed on them.

Each of these conclusions is a concept that is not efficacious for transforming organizational culture in and of itself; however, together they are. Each of the above conclusions will now be elaborated on.

1. The Bible provides a series of principles from which specific corporate governance principles can be articulated and applied in any organization.

The biblical theological review in chapter 3 began with an exploration of The Garden Principles first in the creation covenant and then in the subsequent covenants. Then, moving through a series of vignettes, it illustrated how different people throughout the Bible rely on those same principles when setting the stage and foundation for how they will interact with each other and work together.

From creation, through the fall, to the Law of Moses, to the new covenant and Jesus' replacement of the law with a relationship built on grace, redemption, and a new commandment to love, the same foundational principles can be found.

Throughout the biblical narrative, when human interventions were required to bring transformation or cultural correction, these Garden Principles™ are foundational supports to the interventions.

As time passed and corporations (private, public, and not-for-profit organizations) became the mechanism for organizing human effort, corporate governance principles were articulated. Those corporate governance principles have been expressed over the centuries by a number of individuals and entities and are reflections of The Garden Principles. Each successive expression of corporate

governance principles has fallen short of being comprehensive in reflecting the full spectrum of The Garden Principles.

This thesis is reliant on each of the twelve principles illustrated to us by God in the Garden, becoming a foundational principle for the way in which we organize our efforts. All of the principles are of equal importance. If one is left out the others are weaker in their effect. For example, having stewardship of an organization but not being accountable for its organizational health will make for an unhealthy organization.

If another is given more significance the organization may not fulfil its purpose. For example, if the organization places significant importance on results, even incenting people financially for these, but little on integrity, people will be tempted to act in their own best interests rather than in the interests of the organization.

The Garden Principles are a series of principles that can provide an interrelated, comprehensive articulation of corporate governance principles applicable to any type of modern organization. Beyond the analysis in this thesis, and the case study conducted with EEI, this author has come to this working hypothesis through twenty-five years of consulting in virtually every sector (public, private and not-for-profit), and in multiple countries, where these principles have been researched and applied. While the application of the principles may differ in a given sector or nation, the principles themselves remain constant. For example, in certain sectors board members may be elected, in others they may be directly appointed, yet in others they may be put in place because of their position or who/what they represent. These board members may have obtained their board seat in differing ways, but they are all still expected to be

responsible stewards providing leadership and oversight of the direction and control of their organization.

## 2. These principles are transformative in nature.

The Garden Principles frame relationships and problem solving from Genesis to Revelation. When transformation is needed to bring balance back to these principles, God enters in with an opportunity for shared experience—an experience through which people are able to reframe, repent, rebalance, and reconnect with God.

Evidence of The Garden Principles is found throughout the successive covenants. Covenants are put in place to bring two parties together and outline specific promises, privileges, and other covenantal expectations. The great biblical covenants come at transformative moments in the history of God's people.

Jethro relied on these principles to bring transformation to Moses' ministry. Solomon relied on them to rally Israel around a common cause and purpose. Josiah relied on them to transform his culture from one of "abomination" to one that served the Lord. Nehemiah relied on them to bring transformation to Israel – not just to rebuild a wall, but to move people through repentance to a renewed covenant, to worship and sacrifice, and transformed hearts. Daniel relied on them to stand firm to his cultural values in spite of being transplanted into an alien and threatening culture. Paul relied on them to bring about cultural change in the church. And Jesus continues to rely on them to reframe and transform the human heart and culture.



There is clear evidence in the biblical narrative to show us that these principles are transformative in nature.

3. The transformative nature of those principles can bring changes at the deepest level of culture – values, beliefs, and norms – and in fact can be used as a mirror for a desired culture.

Jesus' entrance into history brought the ultimate moment and momentum for reframing and transforming the human heart and culture. This new covenant moved humankind from a rules-based covenant (based on following the Law of Moses) to a principle-based covenant (based on mercy and grace). Jesus moved the world from the law to grace.

The teachings of Jesus gave mankind a new paradigm for redemption and relationships with God. This new paradigm was really as old as creation itself—the principles-based paradigm that humankind enjoyed before the fall. Using the lens of cultural creation, the embedding of culture, and cultural transformation, Jesus can be viewed as the founder of the Christian culture, a founder who uses governance as a tool to create, embed, and transform it.

Jesus brought true cultural transformation. His cultural change begins in the heart, for when one changes the people, one changes the culture. The whole world can be changed with this type of cultural change. This transformation reaches the deepest levels of culture.

Jesus is our exemplar—our model. He lived out The Garden Principles. The principles he relied on became the cultural norms—the culture mirroring the

principles—the people mirroring the model. For example, the principle of stewardship means to be entrusted with the care and oversight of resources that do not belong to one—the concept is that the stewardship of those resources will lead to the benefit of both the resources and the owner. Therefore the cultural norm in an organization is that people are entrusted with care and oversight of the organizations' resources toward the benefit of the resources and the organization—and the people understand and accept this stewardship. The culture mirrors the principle.

4. Corporate governance tools can be built based on those governance principles.

Corporate governance tools are just that—tools. Tools have specific uses for specific means. Using the right tool for any job makes that task easier. For example using a hammer to nail two pieces of wood together will accomplish the task. But when one attempts to use a screwdriver to hammer nails, it does not work all that well. The same is true of governance tools. Corporate governance tools are primarily documents—documents that are created through collaboration and dialogue to build consensus and agreement on how an organization will be governed.

And, each corporate governance tool is designed for a specific use. For example, corporate bylaws, board and committee terms of reference/charters and governance oversight, and board-level policies are an articulation of the stewardship roles and responsibilities of those who lead the organization. Therefore, the principle of stewardship (to be entrusted with the care and oversight of resources that do not

belong to one—the concept is that the stewardship of those resources will lead to the benefit of both the resources and the owner) should be at the core of those documents. The presumption is that having the principle of stewardship deeply embedded into those agreements and resulting structures will lead to people solving the problems of the organization based on those agreements.

Culture is built and embedded when people solve problems together. In this way, beginning with the principle which is embedded in the governance tool, the culture will ultimately mirror the principle. The principle of stewardship is enabled by a corporate governance tool to create a culture of stewardship as people solve problems together in an organization.

In the EEI case a comprehensive set of corporate governance tools, in support of each of The Garden Principles, were created through a process of broad consultation. The hope was to create a culture that mirrored the intent of those principles. The outcomes as reported in Chapter 4 of this thesis support a conclusion that corporate governance tools can be built in support of a principle-based approach to governance.

5. Those tools can be used in the process of bringing transformation to organizational culture.

Culture change is driven both internally and externally. In the literature review one of the examples of a force for creating change was a change in the rules of the organization. Another was increased knowledge. Knowledge changes thinking, which then changes behavior and the way in which people solve problems together. The process of engaging in dialogue and consensus building around fundamental principles,

and then formulating the resulting agreements into the core governing documents of the organization, provide both of those mechanisms for culture change: a change in the rules and an increase in knowledge.

Changing culture further means formalizing cultural norms and expectations through process and structure. Formalizing governing decisions, agreements, processes, policies, and structural supports stabilizes the culture, helping the organization to stay the course over time as together understanding is built around the culture of the past, the current culture, and the desired future culture.

By providing governance structural tools the culture is formalized. By consistently implementing them the culture is embedded in a systematic way. As orientation and training tools are created to support the system the culture is strengthened. Each of the corporate governance principles has implementable tools. In the case of EEI, tools were designed and put in place in support of each of the twelve principles.

6. Aspects of culture can be measured, and even though the measures may not be perfect, they will provide a sufficient proxy for understanding the current culture of an organization.

Cultural transformation is quantifiable. While the totality of an organization's culture is not something that can be completely and definitively measured, there are a variety of ways in which the cultural temperature of an organization can be taken. Enough has now been learned about organizational culture that clear markers and

organizational habits and trends can be observed and measured over time to provide insights into the culture obscured at the core.

This concept was tested in the EEI case study. A series of dimensions of culture outlined in the literature review were measured at the beginning and at the end of the case study intervention. And, in the EEI case, each dimension shows movement over the case study period toward the culture that EEI predetermined it would like to emulate. For example, there was a significant shift in how power is exerted in the ministry. The power drivers at EEI moved dramatically from coercive and legitimate (the use of coercive force and bureaucratic rules) toward referent and expert (the use of relationships, and reliance on fact-based decision making and expert opinion) drivers. This is a significant indicator that the organization moved from a founder-led, centralized, and bureaucratic culture to one that was more decentralized, relational, and focused on ministry results. Chapter 4 of this thesis provides further data and explanations of the measures and metrics of the EEI case.

Beyond the quantitative metrics, qualitative observations can also be made to determine movement of a culture. As one EEI interviewee reported, “The results have been nothing short of amazing.”

7. Effective and sustained leadership is integral to using governance as a tool for transforming organizational culture in a positive way.

Using governance as a tool for transforming organizational culture requires effective and sustained leadership by the governors of the organization. This begins with

the senior most executive of the organization. This position is often called the Chief Executive Officer (CEO), executive director, general manager, or other similar title. This individual must be committed to the process. Further, the board of directors must act as transforming agents and provide that same level of commitment. In the case of EEI, with the passing of its chair, Dr. Sterling Huston, the momentum of the transformation risked being either diluted or lost. Fortunately, the incoming chair, Dr. David Self, had been on the original Organizational Review Task Force and did not skip a beat in providing strong leadership to the EEI board in ensuring continued commitment to the agreements and decisions made, and to the ongoing journey toward cultural transformation.

Commitment to the process is not enough. The leadership effort must be effective. The CEO and board must lead well, understand their roles and responsibilities, and fulfill them with excellence. Through this trust and respect are built. In the case of EEI, the whole EE world was watching to see if the CEO and EEI board would actually do what they all agreed together they would do. Trust and respect was and remained high over the case study period.

Beyond commitment and effectiveness, having sustained leadership over time is integral to transforming organizational culture. Those leading the effort cannot take their foot off of the gas or momentum is lost. It is for this reason that systematic and formalized processes for embedding the desired culture are developed by the leadership team. In the case of EEI systemizing structure, orientation and education programs, criteria, processes, measurement systems, opportunities for in-person

meetings (i.e., national, regional and international meetings) provided systemic mechanisms for helping the leadership team to sustain momentum.

8. Alignment of cultural desires, purpose, systems, people, mechanisms, and metrics provides necessary line of sight and buy-in.

Alignment is a significant enabler of cultural transformation. Because the desired EEI culture was articulated at the beginning of the process, it was possible to align those desires with The Garden Principles, which were aligned to the corporate governance principles, which were aligned with a series of implementable governance tools. It was in this way EEI was able to transform to a culture which mirrors The Garden Principles as defined in chapter 3.

**Figure 5.1: Alignment of the Intervention**



This was made easier in the EEI case because of the strong alignment of purpose amongst all of the parties involved. The international and each of the national ministry leaders were aligned in their hearts. They were all passionate about the ministry and evangelism. Together they were aligned in vision, mission, and in their statement of faith—they were clear and aligned in the non-negotiables. They also all agreed that there was a problem to be solved—there was alignment in their understanding of the burning platform they were standing on together.

Providing systems, mechanisms, and metrics that align with desired outcomes is another enabler of cultural transformation. It is one thing to be aligned at the macro level—vision, mission, and values—it is quite another to align the efforts of individuals at the micro level to the agreements at the macro. In the case of EE this clear line of sight was created using technology to communicate, track, obtain metrics, and report on results. This investment of time and resources provided value both for the EEI and the national ministries, by setting out macro expectations and linking reporting requirements to results of each ministry. In this way, individual effort in each country was then focused on accomplishing the expected results.

Another important aspect of alignment is to align the attributes of the leaders to the desired culture. For example, if a cultural expectation is to have a fully engaged board of directors fulfilling their roles and responsibilities without overstepping the board/management line, then appointing directors aligned with this expectation will support the desired culture. Conversely, if new directors are appointed who routinely disrespect the line between board and management, it will be difficult to maintain the culture. Or, if a cultural expectation is to have clear alignment between the strategic plan and the efforts of organization and its staff as evidenced through agreed-upon metrics, but the organization fails to plan or obtain buy in on metrics, then it will be difficult to maintain alignment and therefore to support the desired culture.

Therefore, the leadership, both current and new members of the board or senior management team, must be aligned with the desired culture. For example, in the case of the EEI board, the process of determining cultural fit begins with orientation. And,



orientation begins before the decision is made to appoint the individual in order to ensure there is a fit between the person and the EEI culture.

9. Shared experience is a significant and needful enabler for using governance as a tool for transforming organizational culture.

Shared experience is at the heart of culture formation, forming, embedding, and sustaining it. Maintaining momentum by meeting together—sharing an experience—toward a common purpose is an essential element of cultural transformation. It is through shared experience people create a shared vision, mission, and values. It is through shared experience people can come to agreement on the non-negotiables that will be the foundation and guide for how they will relate together. It is through shared experience people create a common understanding and frames—common lenses through which they view the organization.

As Morgan writes, “Shared values, shared beliefs, shared meaning, shared understanding, and shared sense making are all different ways of describing culture. In talking about culture we are really talking about a process of reality construction that allows people to see and understand particular events, actions, objects, utterances, or situations in distinctive ways. These patterns of understanding help us to cope with the situations being encountered and also provide a basis for making our own behavior sensible and meaningful.”<sup>1</sup>

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<sup>1</sup> Gareth Morgan, *Images of Organization* (Thousand Oaks, CA; Sage Publications, 2006), 134.

In the case of EEI significant investments of time, energy, and financial resources were made to ensure shared experience, not only in the initial phases of the transformation process, but throughout the eight-year period of the case study and in its plans for the future. Examples of this are bringing people together for orientation and education; investing in a triennial Congress of Nations; biannual regional conferences and annual national conferences. The concept of shared experience built, maintains, and continues to maintain and deepen the new culture.

#### 10. People will rise to the expectations placed on them.

The concept that people will rise to the expectations placed on them is an important concept in the process of cultural transformation. Culture, by its very nature, is made up of a series of expected behaviors. In the case of organizational culture, when you give people stewardship and provide a principle-based structure, mechanisms, and resources to fulfill their stewardship role, they will rise to the challenge of those expectations.

This was true in the case of EEI. At the beginning of the process, in the initial meetings, there was significant pushback from the executive team on asking the national ministries to report against a set criteria. Almost to a person they said that it could not be done—the national leaders would never do it. And yet, they pushed ahead and tried. They set out clear expectations. It took time to build consensus, but the national leaders rose to the challenge and now meet and exceed the expectations.

Clarity and consistency of expectations allow people to trust both the process and the people. People need to know what is expected of them along with the rationale for those expectations. When they do, they will rise to those expectations and cultural norms are embedded.

### **Implications for Other Christian Organizations**

Governance can be used as a tool for transforming organization culture. The basis for governance, The Garden Principles, provide biblically authoritative, foundationally solid, globally-accepted principles for transformed life (the corporate ministry life and the lives of individuals) to implement grace and redemption, regardless of the ministry.

#### **Biblically Authoritative**

The Garden Principles, found in the Bible, provide an authoritative source that Christian organizations would respect. All too often modern corporate governance and governance tools are discounted by people in the Christian community as secular in nature and the baby is thrown out with the bathwater, when in fact a comprehensive set of corporate governance principles and tools can readily be aligned with a matching set of biblical principles.

For the Christian, the Bible is the Word of God. It is the final authority on all matters pertaining to life—including corporate life. By creating line of sight between the

Bible and modern corporate governance principles and practices, Christians are able to see the connection through an authoritative lens.

For example, in the case of EEI, one of the largest hurdles to get over was to convince leadership that measuring performance was both important and that it should be an expectation set out for the nations. The arguments ranged from

- Measuring performance is a good thing and allows the ministry to track its progress—to ensure it is accomplishing its purpose; to
- Measuring performance may not be biblical but it won't hurt to measure some things; to
- "the increase belongs to God" so it is not ours to count—this should be left to Him alone; to
- Paul said that "we should not conform to the pattern of this world," so therefore tracking metrics is a "secular" or "worldly" practice and should be avoided; to
- Measuring performance is a sin—nowhere in the Bible does it say that we should count ministry results.

Once there was agreement on the basic "garden" principles of accomplishment and measurement, the disparate perspectives as described above began to change to the common view that God has a purpose in mind for that which He gives mankind stewardship and authority over (something He desires to accomplish)—mankind takes stock and measures to determine if purpose is being accomplished.

Creating this line of sight to authoritative principles seen first in the garden and then throughout the biblical narrative and the epochs of time, to modern corporate governance principles and practices, builds the necessary bridge between the Bible and the modern ministry.

## Foundationally Solid

There are many Christian organizations currently operating in the world today that are moving from being led by the original founder to a second generation of leadership. Or, they have transitioned from the founder to the second generation and they are struggling to succeed. This is the case from small churches to large global parachurch organizations. This principle-based governance model provides a template for them to follow should they desire to grow and expand the founder's legacy.

From the literature review it is clear that founders are instrumental in the cultural formation of the ministries and organizations they create. The culture is built and maintained around the founder's frames and expectations. The loss or death of a founder therefore puts tremendous stress on the ministry. The one who has been the leader of culture, purpose, and mission, the rallying symbol, the glue that has held everything together, is no longer there. Many are challenged when faced with this type of transition. Many try to replace the founder with a like individual. Some, hoping for change, decide to replace the founder with an individual completely opposite to the founder and therefore the culture. Few transition well. Building agreement on a set of unifying principles to move forward from, a new type of glue, a new rallying point, can provide the foundational building blocks for proactively addressing the change. The culture will be unified around principles rather than a single individual. Individuals will inevitably and eventually leave the ministry or organization—no one lives forever. Principles will always stand. The Garden Principles have stood since creation—they will remain stable and will stabilize a ministry.

## Globally Accepted

Indigenization remains a longtime challenge in Christian mission and ministry. The EEI experience of using governance as a tool for transforming organizational culture has been successful in their goals of building national, indigenous ministries. As Dr. Sorensen wrote, “What it [indigenous ministry] means is that the ministry is owned by the individual nations that do it. And, because they own it, they care about it and keep it up. They make it personal.” When surveyed at the halfway point in the EEI case study project, 50% of survey respondents reported a new sense of autonomy as a result of the governance changes. And, a further 23% indicated a “significant” change in their level of autonomy. The national ministries are growing and thriving at a rate that far exceeds the ministry in the North America. These national ministries are self-supporting, staffed by fully trained nationals, and overseen by boards comprised of national leaders.

Agreement at the foundational level of governance principles made the way for indigenization. Alignment of the foundational governance principles, model, and tools formed the basis for a unified culture across the ministry while allowing for local autonomy in implementation of training and other EE programs.

This approach to indigenization of mission and ministry is transferrable to other Christian ministries and organizations.

## Principles for Transformed Life

Not only can The Garden Principles be considered authoritative, foundationally solid, and globally accepted, but also they can provide a common frame from the Bible

for a desired “Christian” culture in a ministry setting—a comprehensive framework of authoritative, non-negotiable principles that ministries can unify around. In the case of EEI, the foundational principles were adopted as the frame on which all else was built, such as the governance model, policies, practices, protocols, and criteria.

Further, these are governing principles that can be a common frame across ministries, enabling like-minded ministries to work more effectively together. In the case of EEI, national ministries were not only able to work together based on these principles; they were able to give and receive support and assistance between national ministries. And, in some cases national ministries set aside long-held grievances in preference to agreed-upon principles.

Culture mirrors the principles we live by. And, culture is created through shared experience. Adam and Eve had a shared experience with God—the founder of culture. The set of twelve “garden” principles was modelled for mankind when they were articulated and exemplified by God in the garden. Those same principles were modeled when they were lived out by Jesus during His lifetime. And, they can be mirrored in the culture of any Christian ministry or ministries when they are explicitly adopted through a process of shared experience. For example, when there is agreement across the ministry with respect to the principle of communication (clear, open, honest, fully engaged communication should underlie any and all interactions), the culture should be one that prizes and supports clear, open, honest communications in its interactions with others. Or, when there is agreement with respect to the principle of stewardship (individuals are given stewardship over ministry resources that belong to God), the

culture should reflect efforts that act in the best interests of furthering those resources rather than in personal interests. Culture will ultimately mirror the agreed-upon principles when they are adopted and lived out.

The Garden Principles provide principles for life—individually and corporately—principles that can guide individual lives and choices. Culture transforms one person at a time as people interact and engage with one another for the purpose of solving problems. Christians individually, living principle-based lives, coming together in Christian organizations structured on corporate governance principles that are comprehensively aligned with The Garden Principles have the potential to create a culture that mirrors those principles.

The redemptive implications of this are tremendous. The EEI case study showed amazing results and real transformation. Even though the cultural norms at EEI transformed, this was not simply transformation of a few individuals. It was not just cultural transformation of a single ministry. It was not even just cultural transformation of dozens of national ministries—although all of that is true and a struggling ministry was transformed and redeemed. But, the more important takeaway is that the transformation of the organizational culture at EEI brought transformation to the hearts of millions of people all over the world. This was a direct result of that transformed organization. Because of EEI there were more than fifty-two million individual people whose hearts were transformed over the case study period. And those are only the people who can be definitively counted.



Transformed people can transform the world. A governance model based on The Garden Principles can bring real transformation to organizational culture at the micro and macro levels. The more effective the Christian organization, the greater its impact. Through Christian organization the world around us can be transformed. Through organization the world can be transformed with the hope of Christ.

The vast majority of evangelical Christian organizations share a commonality in their mission and purpose—each is a part of the whole. Providing a common set of governing principles with supporting governance guidelines and policies for Christian ministries generally has the potential to transform any Christian ministry and thereby expand the impact of those ministries and thus breathe new life into Christian effort and culture in a substantial way.

### Implementing Grace and Redemption

The Garden Principles provide a principle-based corporate governance model for implementing grace at an organizational level. Strict rules-based governance models follow the letter of the law. There is no room for error. Breaking the rules requires there be a punishment. But, principle-based governance models encompass both the letter of the law and the spirit of it. There is room for redemption—for forgiveness—for grace.

In the context of a ministry, this has implications to the culture. Should the ministry focus only on enforcing the rules, the culture tends toward authoritarian and rigid (low power distance, collectivism, and humane orientation) much like the former organizational culture at EEI. However, when the ministry adopts a principle-based

governance system, where boundaries and guidelines are drawn but rules are less rigid, there is more room for growth—the power distance, collectivism, and humane orientations of the organization are higher. This allows for more trial and therefore error. Rather than assigning punishment for error, grace is given to innovate and to try again. In this way, grace becomes part of the organizational culture.

Because policies and guidelines are developed and articulated, the intent of the “law” remains clear (like the Old Testament). People will know where the lines are and what is expected of them. However, because there is room to move, they are able to innovate and adapt within the “law.” There is room for forgiveness, redemption, and grace (like the New Testament).

A pastor once preached that the Law of Moses, the Ten Commandments, can be thought of as the Ten Promises, depending on how one reads them. For example, if one follows the first commandment to “have no other gods” then the other commands such as “you shall not kill” can be read as both a command not to kill or as a promise that you will not kill if God comes before all else. Viewing the Ten Commandments through the dual lenses of law and promise is like following both the letter and the spirit of the law. With the law comes the knowledge of sin. Governance laws and rules need to be in place to provide boundaries so that people know what they can and cannot do. Obeying the law, because of the principles behind it, is following the spirit of the law. Governance principles provide the purpose for the law, allowing for the promise of grace. Governance rules then provide the law—the letter of the law, while governance principles provide the grace—the spirit of the law.

The implication then for the Christian organization is having a corporate governance structure that has the capacity to implement the practice of grace and redemption at an organizational level while at the same time not compromising its foundational principles and associated rules.

### **Implications for Organizations Generally**

When considering the non-Christian organization most of the implications mentioned above also apply. The main difference is that the non-Christian organization may not agree that the Bible is authoritative. Their authority to organize resides in government legislation. This author has articulated The Garden Principles into corporate governance principles, extrapolating them into vernacular applicable to the modern organization. It is not the purpose of this thesis project to prove the efficacy of the generic set of governance principles; however, these have been tested by this author in multiple organizations across sectors in Canada and beyond to good success over a period of 25 years of consulting practice.

The literature review discovered several sets of governance principles that have been adopted across the globe. Table 2.17: Comparing Early and Modern Principles of Governance, of that chapter, compares The Garden Principles with some of the modern corporate governance sets of principles. While they do compare in general terms, each of these is but a shadow of The Garden Principles. Adopting governance principles that fully reflect The Garden Principles represents a stronger, more foundational and

comprehensive set of principles that could easily be adopted and applied in any organization.

Further, while the secular organization may not consider the benefits of a culture of grace, a culture of “innovation” is one that is generally sought and prized by organizational leaders. Once again, this is but one example of how changing the vernacular to adapt to the type of organization is possible, allowing any organization to benefit from core governance principles and tools built on the foundational Garden Principles.

The objective is to take some of the significant implications and applications in to Christian organizations and to apply those through the lens of current and leading thinking and trends in leadership, governance, and strategy secularly today. The following provides four examples of leading thinking in the secular leadership and governance research that are really reflections of The Garden Principles and of principle-based governance.

The first example is adaptive governance and risk strategy. This teaches that an organization does not have the ability to completely predict and foresee the kinds of significant risks that it will face; therefore it needs to build adaptability and resilience into capacity in the organization through adaptive governance and risk strategy. The thought is that this will make the organization more able to survive and prosper, through the major risks it is going to face. Instead of trying to put in place a rigid, ruled-based governance and risk strategy, one adopts a principle-based governance framework—a framework that reflects The Garden Principles. In that way the secular

organization has the capacity to be flexible and adaptable and therefore resilient to unforeseen risk.

The second example is Burns's concept of transformational leadership. Burns's research tells us that the highest form of leadership is a leader who has the capacity to transform followers from within. These leaders have the ability to hold up a mirror to people, to motivate and inspire, and to draw out the best of them, compared with transactional or bargaining leaders, who tend to impose their own rules or their own will in terms of rigidly directing people. So again, transformational leadership points back to adopting principle-based governance and The Garden Principles rather than rules-based governance. And in fact, transformational leadership explicitly acknowledges the need for a leader to transform both individuals and organizations and to transform organizations by transforming and tapping the capacity of individuals.

The third example is in the field of strategic planning where the leading thinking is that strategy needs to be emergent. Emergent strategy means to put in place strategies that are able to capitalize on emerging risks and opportunities in the marketplace and to move quickly into a competitive leadership position. Emergent strategy is a reflection of principle-based governance and The Garden Principles. If organizations were to adopt those systematically and apply them to their strategic planning, they would be able to design strategies that are able to deal successfully strategically with emerging opportunities and risks in the marketplace and the environment.

The fourth example is in behavior and team dynamics where current thinking is around what is termed disruptive behavior and disruptive leadership in the team setting. Disruptive behavior in this context means challenging the status quo and intentionally asking “how might we reframe the nature of the problem.” It means asking “how might we think outside of the box” and come up with disruptive or potentially completely revolutionary ways of doing things. It means even if those things could be a threat to the status quo or the current culture and therefore might not normally be adopted, being disruptive could be the way in which the organization survives and prospers into the future. Disruptive thinking and behavior is a reflection of principle-based governance and The Garden Principles because it says that if we adopt a systematic set of principles then that should not only allow but also encourage disruptive thinking at all levels of teams in an organization, including at the senior leadership team. In this way the status quo is being challenged and there is continuous fostering of a healthy organizational culture even if that organizational culture is going to be quite different down the road than it has been in the past.

All of these examples found in today’s secular research are reflective of living in a world that is increasing volatile, uncertain, and unpredictable in both the macro and micro sense. Each of these examples holds up a mirror to The Garden Principles and reflects how these might be applied in secular organizations to good effect.

## **Some General Observations**

There are three general observations that are implications to any type of organization desiring to transform their culture:

1. There must be a clearly visible burning platform
2. The right leader must be in place
3. The right board must be in place

First, as discussed in the literature review, and as evidenced in the EEI case study, there must be a clearly visible burning platform. Identification of a burning platform is necessary for transformation. In the case of EEI it was the loss of a founder combined with a struggling ministry. Ensuring an intentional, systematic, robust process is put in place to articulate the problem in need of solving is paramount. This means getting beyond surface symptoms which obscure the line of sight to the platform, to a clear view of the problem beneath. Everyone must recognize the burning platform for change—they must all agree that this is a “need to do!” Skeptics will move with the leadership if they have a clear view of the burning platform—the real problem in need of an immediate solution. At EEI there was awareness of cultural dysfunction long before the founder passed away, but it was his passing that helped to provide the catalyst for change.

The right leader must be in place. The essential role of the leader—the senior, paid person in the ministry or organization—cannot be underestimated. That individual must be 100% committed to the process and the principles. This person is the most significant leader in the organization in terms of championing transformation, consensus building, vision casting, setting expectations, investing in shared experiences, and ensuring alignment from the vision, systems, and process, to the results of individuals. And, such a leader will need to make some very tough choices along the road with

respect to people and process. Without full and complete commitment those choices will be made all the more difficult, or conversely, the choices he or she makes may not be optimal. The central leader must be aware of the culture, measure it objectively, and craft it proactively in a sustained way. The leader simply must be all in. This was the case at EEI.

Beyond the CEO at both the management level at EEI (the CEO and the vice presidents) and at the board level (the board chair and its members) there was complete support for the CEO's leadership in the transformation. And engaging the senior leaders of the national ministries ensured the same level of commitment, buy in, and focused leadership bent on using governance as a tool for transforming culture. There was no wavering across the senior leadership teams at the board, management, international, and national levels. Having said that, had the CEO or the board chair wavered in their commitment, it is this author's opinion that the fragile progress may not have held. Having the right leader cannot be understated.

The right board must be in place. The role of the board is equally essential. Having the "right people on the bus" should not be underestimated. Some may need to redouble their efforts. Others may need to step aside. In the case of EE, more than half of the board members voluntarily passed the torch to the next generation of leaders and to those more suited for the task in terms of skill and experience sets. As David Self, the chair of EEI, said, "The EEI board itself is functional, engaged and focused. I have witnessed true transformation of board members who previously only listened passively to reports and are now actively serving on committees which produce sound decisions." This did not happen by accident—it took a lot of hard work and personal sacrifice.

And, as boards do, turnover is to be expected. Therefore, assessing potential directors for cultural fit and designing and implementing an orientation program for new directors should be considered integral to the organizational culture transformation agenda.



### **Other Applications of the Model in Organizational Settings**

To close this chapter on conclusions, it is of significance to note that governance principles alone are not the only written artifacts for using governance as a tool for transforming organizational culture. Several practical tools were created and applied in the case study example at EEI in support of the principles. These included:

1. A comprehensive governance manual documenting how the principles would be applied. This manual included bylaws, terms of reference for the board, its committees, the board chair and committee chairs; CEO job description, delegation of authority, board and financial policies, code of conduct, communications protocol, integrity assurance policy, covenant for the partnership, and structure for the Congress of Nations.
2. The Organizational Culture Tool, the Executive Team Culture Tool, and the Boardroom Culture Tool are all tools that can be applied to analyze the cultural makeup of the organization, the executive team, and the board.
3. A board evaluation tool that can be applied in any boardroom was developed and tested over the eight-year case study.
4. A CEO evaluation tool that can be applied with any CEO was developed and tested over the eight-year case study.
5. Criteria for assessing the depth of ministry in partner nations were created that could be adapted and applied in an organizational setting where ministry or operations occur outside of North America.
6. A tool for “profiling a board” in a ministry setting was developed and put into use during the period of the EEI case study. This tool is easily adaptable for other ministries and organizations.
7. A conceptual model for strategic planning designed to align with the governance principles was created and can be taught to other organizations for their use.
8. An educational curriculum for Using Governance as a Tool for Cultural Transformation in a Faith-Based Setting is an outcome of this thesis project.
9. A comprehensive, generic, governance education program was a further tool created over the course of this project, including the creation of an online Director Certification Program that is accredited by a partner university.
10. Director education programs for boards across the Christian sector, such as pastors and leaders of church boards, denominational leaders, boards of parachurch organizations, and students in Bible schools and seminaries would all benefit from a program designed to train in governance principles,

models, and practices, and how to use governance as a tool to transform organizational culture.

One of the single most significant results of the application of the thesis that ***governance can be used as a tool for transforming organizational culture*** was the unity that was created across the nations in a single ministry setting. Perhaps the work of this thesis could be the beginning of transforming organizational culture more broadly in the Christian ministry sector. Beyond this thesis the hope is that one would build on the idea that if this has worked in one ministry, then how might governance be used as a tool to transform organizational culture across multiple Christian ministries? A quick study of the mission, values, and faith statements of Christian ministries indicates a common mission and a common desired culture. Perhaps building on the commonality of Christian faith and purpose, using a set of common principles—The Garden Principles—coming to a common understanding of corporate governance, adopting a set of common governance tools and education—could have a significant impact toward the creation of deepened Christian unity and a unified effort for the sake of the kingdom.

## APPENDIX ONE

### DEFINITIONS

*Boardroom Culture:* A set of common norms shared by the board of directors of an organization.

*Church Governance:* The system by which denominations, churches, and ministries are directed and controlled, traditionally referred to as ecclesiastical polity, church polity, or church order.

*Culture:* Generally speaking, culture can be defined as a series of largely unwritten<sup>1</sup> and at times unspoken norms within a group of any size (e.g., the leadership team of a denomination or a church; a corporation, a profession, a family, a people group; a nation; the global community or any other social group) that are used, shared, learned, and taught as the collective progresses and solves problems.

*Foundational Governance and Leadership System:* The structure, people, and processes at the heart or center of an organization: its president/CEO, board, key staff, key stakeholders, and the accountability relationships among them.

*Global [or External] Culture:* A set of common norms shared by a large number of people around the world.

*Governance:* The system by which people and organizations are directed and controlled.

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<sup>1</sup> Geert Hofstede, Gert Jan Hofstede, and Michael Minkov, *Cultures and Organizations: Software of the Mind: Intercultural Cooperation and Its Importance for Survival* (New York: McGraw Hill, 2010), 7.

*Leadership*: the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members.<sup>2</sup>

*Norms*: The expectation of certain behaviors and cues within a group. These include appropriate and inappropriate values, beliefs, attitudes, and actions. These norms may be explicit or implicit. Failure to follow the norm can result in reprimands (even to the point of exclusion from the group), while living up to the norm can bring reward and inclusion in the group.

*Organizational Culture*: A pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.<sup>3</sup>

*Principle*: a fundamental truth or proposition that serves as the foundation for a system of belief or behavior or for a chain of reasoning.

*Transformation*: the process or act of change (in form, appearance, nature, character, composition, or structure).

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<sup>2</sup> Robert J. House, Paul J. Hanges, Mansour Javidan, Peter W. Dorfman, and Vipin Gupta, *Culture, Leadership, and Organizations: The Globe Study of 62 Societies* (Thousand Oaks, CA: Sage Publications, 2007), 15.

<sup>3</sup> Edgar H. Schein, *Organizational Culture and Leadership*, 4th ed. (San Francisco: Jossey-Bass, 2010), 18.

## APPENDIX TWO

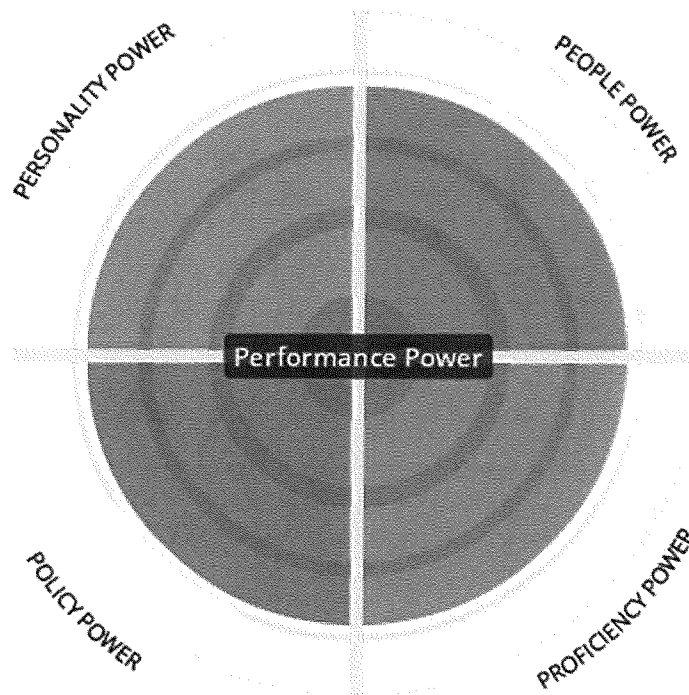
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# The Organizational Culture Tool<sup>©</sup>

## Instructions for completing the tool:









































1. The organization you currently work in should be the setting you consider as you contemplate each group of statements below.
2. Consider each of the 4 phrases in every one of the boxes below. In the context of your particular organizational setting, circle the symbol beside the statement that MOST describes your organization. (There should only be ONE symbol in each box that is circled.)
3. First impressions are important in completing this tool. Do not take any more than 10 minutes to complete the exercise.

EXAMPLE	Most	Statements
		Our organization follows the leader
		Our organization is like a well-oiled machine
		Our organization follows the rules
		Our organization is like a family

# The Organizational Culture Tool©

Most	Statements	Most	Statements
	Our organization follows the leader		When making decisions, staff rely heavily on policies and guidelines
	Our organization is like a well-oiled machine		Staff are effective at using passionate persuasion in bringing the organization to a decision
	Our organization follows the rules		Our staff use fact-based performance measures to make decisions
	Our organization is like a family		Our staff are highly effective at leveraging their interpersonal relationships to make decisions
	Our organization encourages and rewards loyalty		In this organization, most experimentation and innovation is driven by the CEO or other management
	Our organization is very systematic and reliable		In this organization, experimentation and innovation is supported by the CEO and other management if staff make a good business case for it
	Our organization has clear, focused, long-standing routines		In this organization, orderliness and consistency are stressed, even at the expense of experimentation and innovation
	Our organization is innovative and easily takes risks		In this organization, experimentation and innovation are stressed, even at the expense of orderliness and consistency
	Our organization sets priorities based on historical performance		In this organization, subordinates are expected to obey their superior without question
	Our strategy is always changing and at times over-reaching		In this organization, subordinates are expected to question their superior when in disagreement
	Our organization has difficulty setting strategy and priorities		In this organization, subordinates are expected to obey the rules to the letter
	Our organization is resistant to change in strategy year over year		In this organization, subordinates and superiors are expected to consult together to reach consensus
	Our organization makes quick decisions on all matters – large or small		In this organization, a person's influence is based primarily on the strength of their relationship with their superiors
	Our organization moves cautiously and slowly when making decisions		In this organization, a person's influence is based primarily on one's ability and contribution to the organization
	Our organization works hard to build consensus when making decisions		In this organization, a person's influence is based primarily on the authority of one's position
	Our organization uses facts, benchmarks and performance indicators to make objective decisions		In this organization, a person's influence is based primarily on how well they are liked by their colleagues
	Our organization has a low tolerance for ambiguity		In this organization, job requirements and instructions are general and subject to change depending on the changing priorities of the person you report to
	Our organization has a low risk tolerance		In this organization, job requirements and instructions are systematic and measurable
	Our organization has a high risk tolerance		In this organization, job requirements and instructions are explicitly spelled out in detail
	Our organization has a high tolerance for ambiguity		In this organization, job requirements and instructions are to be considered as guidelines to work within



	Ensuring healthy relationships among staff is primary in our organization		Our organization has low trust in the information given to it by management unless it includes a high degree of detailed and precise information backed up by an authority we trust
	Accomplishing the task at hand is primary in our organization		Our organization trusts in quantified measures and facts when seeking to substantiate information for decision-making
	Rules, procedure manuals, policy and/or structure are primary in our organization		Our organization has high trust in the information given to it by management and generally does not question its integrity
	Ensuring best practices and measurable results is primary in our organization		Our organization prefers to trust in relationships over the information it receives from management
	When faced with a strategic decision our managers are most likely to ask, "how is everyone feeling about this?"		Our organization tends to focus on what it has learned from the past
	When faced with a strategic decision our managers are most likely to ask, "did we follow the right process?"		Our organization tends to focus on future opportunities
	When faced with a strategic decision our managers are most likely to ask, "did we follow all of the necessary rules and policies?"		Our organization tends to focus on the linear integration of past, present and future details
	When faced with a strategic decision our managers are most likely to ask, "what are we going to do now?"		Our organization tends to focus primarily on the present realities
	Our organization prizes consistency		Our organization is led by an amiable, consistent CEO
	Our organization prizes risk taking		Our organization is led by a CEO who makes us feel like part of a family
	Our organization prizes unity		Our organization is led by a strong-willed, iconic CEO
	Our organization prizes empowerment		Our organization is led by a bureaucratic CEO
	Completing tasks are of primary importance in our organization		The CEO of our organization is very traditional and conservative in his/her approach with staff
	Following the rules is of primary importance in our organization		The CEO of our organization values fact-driven consensus over divergent opinions
	Getting along with one another is of primary importance in our organization		The CEO of our organization values keeping things "in the family"
	Accomplishing measureable results is of primary importance in our organization		The CEO of our organization is a directive leader
	Our organization is most comfortable when leadership "shows us" how they came to a decision		Our CEO resists changes in the organization preferring to hire from within
	Our organization is comfortable to "trust" leadership to make the decisions		Our CEO resists innovation in process and strategy
	Our organization is most comfortable when leadership "involves us" in the decision-making process		Our CEO gets mired in detail and "majors on the minors"
	Our organization is most comfortable when leadership directly "tells us" what led to the decisions that have been made		Our CEO keeps a tight rein on the organization

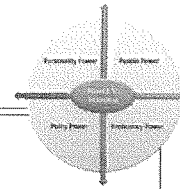
# The Organizational Culture Tool® Scoring Sheet

## Instructions for scoring your results:

1. Count the number of times you have circled each of the various symbols and record the number beside the symbol in the table below. (For example if you have circled 4 ☺ record a "4" in the box below.)
2. Add row 1 and row 2 together and record your answers in row 3
3. Add all of the numbers in row 3 together. They should equal 20.
4. The column with the highest number indicates your primary organizational culture

	Personality Power	People Power	Proficiency Power	Policy Power	
ROW 1	☺ =	♥ =	▲ =	★ =	
ROW 2	+ ☼ =	+ ✚ =	+ 📖 =	+ ⚫ =	
ROW 3	=	=	=	=	=

# The Organizational Culture Tool® Overview



<p align="center"><b>“Personality” Culture</b></p> <p><b>Features</b></p> <ul style="list-style-type: none"> <li>✓ Driven by results</li> <li>✓ Iconic leadership</li> <li>✓ Use passion to exert power</li> <li>✓ Often strong, task focused chair and/or CEO</li> <li>✓ <b>“Trust me”</b></li> </ul> <p><b>Benefits and Challenges</b></p> <ul style="list-style-type: none"> <li>✓ Nimble, rapid decisions</li> <li>✓ Risk taking, innovative</li> <li>✓ Leader can alienate</li> <li>✓ No empowerment</li> <li>✓ Always changing, can overreach</li> </ul> <p><b>Greatest Fear:</b> Power Sharing</p> <p><b>Time:</b> Focus is primarily on the present realities</p> <p><b>Approach to Asking Questions:</b> What are we going to do now?</p> <p><b>Approach to Wielding Power:</b> Using the power of individual force and coercion (positive and negative) to maintain or change culture</p>	<p align="center"><b>“People” Culture</b></p> <p><b>Features</b></p> <ul style="list-style-type: none"> <li>✓ Driven by relationships</li> <li>✓ Family atmosphere</li> <li>✓ Use relationships to exert power</li> <li>✓ Often highly creative and people oriented chair and/or CEO</li> <li>✓ <b>“Involve me”</b></li> </ul> <p><b>Benefits and Challenges</b></p> <ul style="list-style-type: none"> <li>✓ Consensus-driven, team</li> <li>✓ Loyalty encouraged and rewarded</li> <li>✓ Resists “outsiders” (= non-family)</li> <li>✓ Resists change</li> <li>✓ Difficulty setting priorities and taking risks</li> </ul> <p><b>Greatest Fear:</b> Division</p> <p><b>Time:</b> See future opportunities – risks losing necessary integration of past lessons and current realities</p> <p><b>Approach to Asking Questions:</b> Where will we go together? How is everyone feeling about this?</p> <p><b>Approach to Wielding Power:</b> Using the power of the collective to maintain or change culture</p>
<p align="center"><b>“Policy” Culture</b></p> <p><b>Features</b></p> <ul style="list-style-type: none"> <li>✓ Driven by rules and policy</li> <li>✓ Bureaucratic</li> <li>✓ Use rules to exert power</li> <li>✓ Chair is often very analytical and precise</li> <li>✓ <b>“Tell me”</b></li> </ul> <p><b>Benefits and Challenges</b></p> <ul style="list-style-type: none"> <li>✓ Cautious and slow decision-making – traditional approaches</li> <li>✓ Clear, routine, focus</li> <li>✓ Traditional!</li> <li>✓ Gets mired in detail, “majors on minors”</li> <li>✓ Resistant to change, outsiders</li> </ul> <p><b>Greatest Fear:</b> Changing the System</p> <p><b>Time:</b> Linear integration of the details of past, present and future - risks missing the big picture implications</p> <p><b>Approach to Asking Questions:</b> Did we do this the right way? Did we follow the rules?</p> <p><b>Approach to Wielding Power:</b> Using the power of bureaucracy, rules and policy to maintain or change culture</p>	<p align="center"><b>“Proficiency” Culture</b></p> <p><b>Features</b></p> <ul style="list-style-type: none"> <li>✓ Driven by best practices</li> <li>✓ Replication of tasks</li> <li>✓ Use reason and measures of performance to exert power</li> <li>✓ Chair is often a peacemaker and consensus builder</li> <li>✓ <b>“Show me”</b></li> </ul> <p><b>Benefits and Challenges</b></p> <ul style="list-style-type: none"> <li>✓ Facts, benchmarks, results are key</li> <li>✓ Systematic</li> <li>✓ Undervalues people with divergent views</li> <li>✓ Not as innovative as could be</li> <li>✓ Benchmarking can be circular</li> </ul> <p><b>Greatest Fear:</b> Taking Risks</p> <p><b>Time:</b> Learns from the past - risks being too focused on it</p> <p><b>Approach to Asking Questions:</b> Did we do what we said we would do? Did we follow the process?</p> <p><b>Approach to Wielding Power:</b> Using the power of facts, results and logic to maintain or change culture</p>

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